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Bargaining Strategies for Developing Countries at the WTO:
The Case of Thailand and the Agreement on Agriculture in the
Uruguay Round of Multilateral Trade Negotiations

By

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A thesis submitted in fulfilment of the requirements for the
degree of Doctor of Philosophy in Politics and International
Studies

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Declaration

I certify that no portion of this thesis has been submitted in support of an application for another degree or qualification at this or any other university.

Abbreviations and Acronyms

AFTA	ASEAN Free Trade Area
AGC	ASEAN Geneva Committee
AMM	ASEAN Ministerial Meeting
AMS	Aggregate measurement of support
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
BATNA	Best alternative to a negotiated agreement
BRICS	Brazil, Russia, India, China
CAP	Common Agricultural Policy (of the EC)
CIERP	The Committee on International Economic Relations Policy
DDA	Doha Development Agenda
DG	Director General (of the WTO)
DSM	Dispute Settlement Mechanism
DTN	Department of Trade Negotiations (The Ministry of Commerce, Thailand)
EC	European Community
ECC	European Economic Community
EPP	Export Enhancement Programme
EU	European Union
F.T.I.	Federation of Thai Industries
FTA	Free Trade Area
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalised System of Preference
IMF	International Monetary Fund
IPE	International Political Economy
ITO	International Trade Organisation
JC	Joint Economic Cooperation Commission
JTC	Joint Trade Committee
LMG	Like Minded Group
MERCOSUR	Southern Common Market (Mercado Común del Sur)
MFA	Multi-Fibre Agreement
MFN	Most favoured nation
MNC	Multi-National Corporation
MPP	Market Promotion Programme
MTN	Multilateral trade negotiations
NAFTA	North American Free Trade Agreement
NAMA	Non agriculture market access
NESDB	National Economic and Social Development Board
NGO	Non-governmental organisation
NIC	Newly Industrialising Country
NTB	Non-tariff barrier
NTM	Non-tariff measure
OECD	Organisation for Economic Cooperation and Development

OMA	Orderly marketing arrangement
PTA	Preferential Trade Arrangement
QR	Quantitative restrictions
SPS	Sanitary and Phytosanitary
TDRI	Thailand Development Research Institute
TPRM	Trade Policy Review Mechanism
TRF	Thailand Research Fund
TRIM	Trade Related Investment Measures
TRIPS	Trade-Related Intellectual Property Rights
TRQ	Tariff-rate quota
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UR	Uruguay Round
US	United States
VER	Voluntary Export Restraint
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

Abstract

The central research question of the thesis concerns the bargaining and negotiating strategy, as well as the negotiating process, at the GATT and the WTO in relation to developing countries. The key questions this study set out to answer were: considering the vast power disparity developing countries face in multilateral trade negotiations in the GATT/WTO institution and among a number of available strategies, what is, then, the most effective bargaining strategy, under what conditions?

The thesis has sought to make a principal argument corresponding to the research question of this study, based on the findings of the case of Thailand's participation at the Uruguay Round negotiations. Firstly, the thesis shows that Thailand, along with other developing countries with the same level of economic development and a similar level of experience in multilateral trade negotiations, has not been able to rely on merely one negotiating strategy in order to attain the sought after outcomes. The thesis then illustrates that bargaining strategies have to be exercised in all channels. To further systemise, bargaining strategies could possibly be grouped into three levels: (1) international, where coalition building and mixed strategy of distributive and integrative tactics can be utilised; (2) regional, where regional agreements/regional-based coalitions can be utilised as a springboard for bargaining; and (3) domestic, where the role of individual officials and ministers can feed into the effectiveness of the bargaining strategies being conducted. Therefore, the thesis argues that the limited bargaining power of developing countries makes coalition-building an especially crucial and most appealing tool for their effective diplomacy. The thesis also argues that the most effective bargaining tactics are those of a mixture of distributive and integrative tactics, as stipulated by Odell.

The thesis contends that Thailand's experience seems to throw light on the inadequacies of the conventional accounts of domestic-driven negotiation analysis that assume the great role of domestic institutional inputs in the trade policy formulation process. They assume that trade negotiators and officials arrive at the negotiating position after having calculated and balanced inputs from diverse interests within the state. It is believed that negotiation alternatives for any country are direct outcomes of the particular alignment of domestic actors and interests. However, the finding suggests that a very different dynamic is at work in Thailand. Finally, the thesis has maintained that the driving force in trade policy and negotiating strategy in Thailand remains in the hands of the state, mainly via bureaucratic officials. Therefore, new development in negotiation analysis is needed that is of relevance to developing countries' experiences, since many developing countries with very different political structures and societies have reacted in very similar ways at the international level.

Chapter 1: Introduction

The main theme of the thesis is the opportunities and constraints of bargaining strategies that developing countries faced in the trade negotiation process in the General Agreements on Tariffs and Trade (GATT) and its successor, namely the WTO. The thesis aims to address the question:

- What negotiation strategies have developing countries attempted and have they made any difference, considering the vast power disparities they face?
- Among a number of available strategies that developing countries can employ to enhance their participatory abilities in the GATT, and consequently, the WTO, which is the most effective? And under what conditions?

To a large extent, the voice that developing countries were able to exercise in the Uruguay Round was unprecedented. Therefore, obtaining a greater understanding of the role that developing countries played at the Uruguay Round, as well as the negotiating strategies they used, is worthy of investigation. The evidence for this study will be gathered from a case study of Thai participation at the Uruguay Round negotiations in general, with reference to agriculture issues in particular. Examining the strategies of Thailand will hopefully at least shed some light on which bargaining strategies will yield more advantages to other developing countries. It will inevitably be risky to assume that Thailand can represent the vast group of developing countries.

Yet, it is hoped that the knowledge gained from the study could fill the gap in the literature on developing countries' experiences of bargaining and negotiations.

The problem (and assumptions)

It is undeniable that the WTO now stands right in the centre of international political economy, side by side with other Bretton Woods institutions. Yet, it is accepted by many that most institutions of international economic governance, especially the WTO, inevitably reflect the interests of the powerful states, not the weaker ones. This is apparent in the fact that, while the WTO has become involved in activities directed towards developing countries more and more, the *neo-liberal* values associated with the industrial countries still retain a dominant influence. It is believed that the GATT, as well as its offspring (the WTO), was not an institution created for free trade, notwithstanding its strong free trade orientation. As a result, the developing countries remain the only 'rules-takers' of the prevailing order in the institution.¹

In addition, it is very difficult for developing countries to get their interests onto the negotiating table, as well as defend their welfare in ongoing WTO activities and negotiations. Hence, it is not surprising that most developing countries have voiced their frustration at their inability to express their views and protect their interests in ongoing WTO activities and negotiations. Coupled with the lack of resources at home, many developing country delegations find the experience of participating in international negotiations at the WTO rather stressful, although it is probable that major countries also find the experience stressful, regardless of their ample resources.

¹ Hurrell, Andrew and Woods, Ngaire eds., *Inequality, Globalisation and World Politics*, Oxford: Oxford Press University, 1999.

In the seven previous GATT rounds of multilateral trade negotiations, developing countries focused most of their attention on obtaining preferential access to industrial country markets; few of them participated actively in the core business of negotiations.² In the past, they had been bystanders, using the Most-Favoured Nation (MFN) rule to benefit from tariff reductions among developed countries. By contrast, since the Uruguay Round, many developing countries have been very active participants in the world trading system, both individually and in coalitions with other countries. Yet, their influence on the agenda of the negotiations has not increased accordingly. Thus, many developing countries now claim that the WTO remit intrudes more substantially into the domestic politics and economies of their countries. Undoubtedly, the WTO is now facing a lot of criticism as a result of a legitimacy deficit.³

At present, most observers agree that the role of developing countries has been improved and become more innovative in the realm of participation and strategies used in negotiations, as is evident in the Doha Development Round. According to some scholars, the voice that developing countries are able to exercise is, to a large extent, a result of their effective coalition formation.⁴ Indeed, this is indisputable in many respects, since there are several coalitions which developing countries use for exchange of information and discussion, as well being a channel for gaining

² Martin, Will and Winters, L. Alan, 'The Uruguay Round: a milestone for the developing countries', in Martin, Will, and Winters, L. Alan, eds., *The Uruguay Round and the developing countries*, Cambridge: Cambridge University Press, 1996, p. 2.

³ Hoekman, Bernard and Kostecki, Michel, *The Political Economy of the World Trade System: The WTO and Beyond*. Oxford: Oxford University Press, 2001, p.5.

⁴ Narlikar, Amrita and Tussie, Diana, 'The G20 at the Cancun ministerial: Developing countries and their evolving coalitions at the WTO' in *World Economy*. Oxford: Blackwell publishing, 2004, 947-966.

bargaining leverage; for example, the G20 on agriculture. Nevertheless, the improved role of developing countries is not only a consequence of coalition formation, but is also the result of careful and strategic planning by developing countries, both individually and jointly. Of course, the process of careful and strategic planning is derived from the previous experience of past negotiation processes in the World Trade Organisation (WTO) and its predecessor institution, the General Agreement on Tariffs and Trade (GATT).

To date, it appears that solutions to the disadvantages that the developing countries face in participating in international trade remain rather elusive. Notwithstanding their efforts, developing countries still struggle with the imbalanced power structure of international trade politics. Hence, finding what instruments are best for gaining advantages for developing countries in international negotiations is a challenging task. It is this challenge that provides the main impetus for this research. The strategies or the instruments on which the research will focus are, for example, coalition building, bilateral and regional free trade initiatives, and domestic initiatives to increase national capacity to allow more informed participation at the WTO.

Optimally, the purpose of the research ought to be to analyse the bargaining strategies of developing countries at the inter-state level, particularly in the context of international trade to see which strategy works best to offset the bias of current trade negotiations. However, this ambitious aim needs a greater degree of well-focused empirical investigation, on a larger scale than this thesis can provide. Yet, the study wishes to draw some insightful implications for developing countries participating in international trade negotiations by looking at the case study of Thailand. With a high

dependence on exports, it is intriguing and at the same time fruitful to see how developing countries manage to introduce some of their concerns regarding agriculture onto the negotiations at the GATT, and subsequently the WTO, as well as observe whether their demands lead to desired outcomes.

Analytical Framework

To help explain what strategies are likely to be more successful, the thesis will first engage with theoretical issues and will focus on the IPE literature including works by John S. Odell, J.P. Singh, and Amrita Narlikar which specifically deal with bargaining, negotiation and coalition. Therefore, the analytic framework used in the research will be mainly adapted from their works. In fact, the game theoretic perspectives also offer valuable insight by using models to explain how developing countries can recognise bargaining problems and how many available strategies are possible, as well as how they identify the best alternative that offers the best chance of achieving the desired goal(s). However, in practice, bounded rationality is more typical in the process of negotiation; this concept entails the premise that the international negotiator will theoretically lack complete information about the situation of market and the other sides' true objectives.⁵ Thus, the rational decision-maker assumed by game theoretic perspectives is often more an idealised standard than an accurate description of real-world behaviour.⁶

⁵ Odell, John S., *Negotiating the World Economy*. New York: Cornell University, 2000, p.19.

⁶ Kegley, Charles W. Jr., and Wittkopf, Eugene R., *World Politics: Trend and Transformation*. Bedford: St. Martin's, 2001, p.65.

Furthermore, available information is frequently incomplete and insufficient to make a precise decision. However, it is also important to note here that, although the rational choice perspective does not purport to offer a description of real world behaviour, it does, however, offer robust models that have some explanatory and possibly predictive value. By taking these assumptions of bounded rationality as the starting points, Odell also points to another crucial problem for policy-makers, which is their susceptibility to cognitive dissonance.

Secondly, the thesis presents an empirical account of the bargaining process of Thailand in the Uruguay Round, from 1986 to 1995, with a focus on the issue area of agriculture. To support the argument, evidence from the case study of the Thai participation in the Uruguay Round was gathered and collected, particularly regarding the agreement on agriculture. Using IPE bargaining literature as an analytical framework, the study identifies the strategies that Thailand used during the negotiations of the Agreement on Agriculture in the Uruguay Round: which negotiating strategies did Thailand use most during the Round? And what were the main principles behind the choice? Nevertheless, more often than not, any strategy used in international negotiation will not be made overtly public, unless some years later. Official secrecy will make direct, uniform observation of the negotiators' interaction exceedingly difficult.

According to Odell, every official trade negotiator will have three types of objectives: economic gain, relational power, and domestic political popularity.⁷ These goals may not be fully consistent with one another. As a consequence, negotiators for any

⁷ Odell, John S., *Negotiating the World Economy*, London: Cornell University Press, 2000, p. 25.

country may vary their priorities according to the issue, environmental conditions, or experience. And it is within these environmental conditions that all government economic negotiators are embedded in complex two-level games.⁸ Odell also makes it clear that different domestic political conditions have different impacts on the effectiveness and success of the strategies used in international negotiations. For that reason, the prawn and poultry industries in Thailand were chosen to see if there was any active domestic lobby group affecting the process of trade policy and bargaining strategies formation in Thailand. Also, if there were such groups, what were their roles and importance to the domestic political conditions for negotiations at the Uruguay Round? It is essential to point out that the main hypothesis of the thesis is that the driving force in trade policy and negotiating strategy in Thailand, and supposedly in many developing countries, still remains in the hand of the state, mainly via bureaucratic officials, since domestic actors and interests are not yet well organised and developed in a way that can effectively influence the trade policy process, as assumed by many negotiation analyses and theories. Most private sector organisations remained passive in the trade policy making process and the formulation of Thailand's negotiating positions. The only business sector that was aware of the negotiations in the Uruguay Round was the textile manufacturers. This is due to the fact that they had to monitor the negotiations under the MFA anyway. It is important to note here that the reason why this thesis did not choose to study the textile sector was because it has already been studied.⁹

⁸ *Ibid.*, p.109.

⁹ The research was undertaken by Mr. Kirkrai Jeerapat in เกริกไกร จีระแพทย์, *การเจรจาการค้าระหว่างประเทศของ ไทย*. กรุงเทพมหานคร. บริษัท คู่แข่ง จำกัด. ปี 2539. [Kirkrai Jeerapat, *International Trade Negotiations and Thailand*, 1996.]

Methodology and Research Techniques

What is the principal research method used in this study? The principal research method is to learn more about the multilateral negotiating process in the globalised world economy through a single case study. The research will then attempt to make a potential generalisation about the process and possible agenda for future research.

Although case-study methods have long been stereotyped as a weak sibling of social science research methods, the single case-study method is actually a research design that contributes uniquely to the body of knowledge.¹⁰ The case-study method is one of several ways of performing social research. Other ways of conducting research encompass surveys, experiments, the analysis of archival information and history etc. In general, the ‘soft option’ of case-study methods receives more traditional criticism than statistical methods of social research. Yet, the case-study methods enjoy many inherent advantages over the statistical methods. In actual fact, it is erroneous to believe that relying heavily on merely one family of research methods is sufficient. Hence, the two methods – statistical and case-study - should ultimately be combined since they complement one another.¹¹

According to Yin, ‘case studies are the preferred strategy when “how” or “why” questions are being posed, when the investigator has little control over events, and

¹⁰ Yin, Robert K., *Case Study Research: Design and Methods*, 2nd, Applied Social Research Methods Series, Volume 5. London: SAGE Publications, 1994, pp. 1 - 15.

¹¹ Odell, John S., ‘Case Study Methods in International Political Economy,’ in *International Studies Perspectives*, 2001 (2), pp. 161-176.

when the focus is on a contemporary phenomenon within some real-life context.’¹²

The above statement shows one of the reasons why the case study method was preferred in the conduct of this research. This is because the thesis aims to understand the bargaining strategies in trade negotiations, in which the author has little control over such events and the thesis tries to find an answer to the question: *which strategies have worked most effectively, and why?*

Another justification for the case-selection of Thailand is to provide analytic and prescriptive insights into the bargaining strategies of other developing countries is because the author believes that Thailand’s learning experience in the GATT bears implications for new entrants into the WTO. A good example of this would be how Vietnam could benefit from learning from the Thai experience. Moreover, the choice of case-study is affected by personal reason - Thailand being the author’s home country. However, as a rule, a clear justification for the case-selection can be made much more persuasively if it is substantiated by more systematic engagement with case-study methods.

In general, a ‘case’ or a unit of analysis refers to a single instance of event or phenomenon. There are different types of case studies in relation to theory: exploratory, explanatory and descriptive.¹³ However, according to Odell, a single-case study can be typified into many categories, ranging from the descriptive to the deviant. A *descriptive case study* aims to document an important event. Another

¹² Yin, Robert K., *Case Study Research: Design and Methods*, 2nd, Applied Social Research Methods Series, Volume 5. London: SAGE Publications, 1994, p. 1.

¹³ For more information regarding case-study research design, see, for example, David A. De Vaus (2001), Diane Kholos Wysocki (2004), and Robert Yin (1994).

common type is *an illustrative case* of a theory. With this type of case study, the aim is to illustrate a theoretical idea in a manner which confirms that theory is relevant to a real situation. *The disciplined interpretative case study* is used to interpret and explain an event by applying a theory to the particular event; whereas, a hypothesis-generating case study uses a case method to generate a new hypothesis which is valid and introduces a new line of investigation. The other two types of case-study methods are *the least-likely (theory-confirming)* and *the most-likely (theory-infirming)*. The former is used to illustrate the relevance of a theoretical stance. This is achieved through applying an analytical idea to the least-likely case, and finding that even the least-likely case still confirms the idea or theory. Nevertheless, the latter seeks to prove if a theory was invalid by showing that if the theory failed even in a most-likely case, it is evident that that particular theory would be even more likely to fail in less favourable situations. Finally, *the deviant case study* is used to shed light on the theory's limitation by showing all the necessary main causes why the expected effect does not occur. This can sometimes lead to new hypotheses.¹⁴

It is misleading to only suggest the advantages of the single case-study method. Therefore, it is important to note that any single case study, alone, is unlikely to be able to test whether a theory is valid or invalid. However, this inadequacy can sometimes be corrected by the method of difference or comparative case methods.

All in all, considering the close relationship that the empirical analysis bears with theory building, the research method should be guided by the research question of the enquiry. Given the nature of the enquiry of the thesis, as well as its argument, the

¹⁴ Odell, John S., 'Case Study Methods in International Political Economy,' in *International Studies Perspectives*, 2001 (2), pp. 161-176.

country of Thailand was selected to be an illustrative case that the most effective bargaining tactic in trade negotiations for developing countries would be a mixed-strategy at all levels, international, regional, or domestic. It is used to show that the analytical frameworks on bargaining strategy provided by Odell, Singh, and Narlikar are useful in capturing the developing countries' experiences at the WTO. Meanwhile, the agriculture negotiation in the Uruguay Round has been selected to illustrate the use of coalition-building by the developing countries, especially Thailand. In addition, since it is less likely that trade officials will reveal the true agenda and bargaining strategies employed in current negotiations, it is more fruitful to look at past negotiations where trade officials are more willing to share their experiences. Also, the intellectual argument for the agriculture-case choice is that it is the most prominent illustration of how mixed-strategy was being played out at all levels by Thailand, notwithstanding the also very important new issues such as TRIPs and services in the Uruguay Round.

The Uruguay Round was a crucial multilateral trade round for many countries, especially low-cost agricultural exporters since, in a sense, it was designed in part to bring agriculture into greater conformity with the GATT. Prior to the Round, it was clear to everyone that a significant reform of agricultural trade rules and practices was needed for the conduct of agricultural trade negotiations. It is useful to remember where the agricultural trading system was previous to this event. While agriculture was in principle covered by the 1947 GATT Agreement, in practice it was outside GATT disciplines until the Uruguay Round.¹⁵ From the beginning, agriculture was treated differently from other sectors under GATT rules. The rules applying to

¹⁵ Jawara Fatoumata and Kwa, Aileen, *Behind the Scenes at the WTO: the real world of international trade negotiations*. London: Zed Books, 2003, p.26.

agricultural trade under GATT 1947 were weaker than those for manufactured goods. Whereas non-tariff barriers are prohibited for non-agricultural goods, in agriculture quantitative restrictions were permitted under certain circumstances. These circumstances, limiting agricultural imports, were later extended to include protective measures such as quotas, variable levies, voluntary export restraints (VERs), and minimum import prices.¹⁶ This is because managing agricultural trade was not only in the developing countries' interests, but was in that of their developed counterparts as well.

In fact, during the negotiations, while all participants displayed a willingness to bring about substantive agricultural and trade policy reform, disagreements over the extent and speed of reduction in trade-distorting domestic and export subsidies and border protection almost led to the breakdown of the Round.¹⁷ Even though the developing countries more actively participated in the Round and tried very hard to influence the outcome directly, the inability of the EU and the US to reach agreement on the treatment of agricultural trade was the most obvious cause of its breakdown. The Uruguay Round eventually ended with a success – the Final Act signed in Marrakesh provided for the establishment of the World Trade Organisation.

As pointed out, the important role of agriculture to developing countries and the significance of the Uruguay Round Agricultural Agreement to the participation of developing countries in international trade are of special relevance to this research.

¹⁶ Hathaway, Dale E. and Ingco, Merlinda D., 'Agricultural liberalisation and the Uruguay Round' in Martin, Will, and Winters, L. Alan, eds., *The Uruguay Round and the developing countries*, Cambridge: Cambridge University Press, 1996, p. 30.

¹⁷ K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p. 4.

Agriculture is important because the agreement on agriculture is a result of the convergent interests of the most powerful states, but the distinctive role of agriculture has been shaped by the evolution of the trading system, just as the trading system has been shaped by the compromises made for agriculture.¹⁸ Agricultural trade has become drawn into globalising processes in the economy. Production and trade in agricultural commodities, once rooted in place and dependent on the climate, have become enmeshed in global linkages and have become one sector among others contributing to economic growth.¹⁹ As for the Uruguay Round, the agenda for the round was a reflection of the need to respond to a changing trading system, as well as being influenced by the increased participation of developing countries in the system. These provide a critical turning point for the bargaining strategies available to developing countries and how they use them.

The other point the thesis argues is that the conventional accounts of domestic-driven negotiation analysis are inadequate in trying to explain the bargaining and negotiating experiences of the developing countries at the WTO. To this end, the particular sub-sectors of prawn and chicken-farming were selected. The thesis aims to conduct a detailed or systematic examination of the participation of the sub-sectors of chicken and prawn farming. This choice of the comparative-case-study between the two sub-sectors, as opposed to other key sectors, for instance rice, is justified by the facts that: (1) other key sectors such as rice and cassava have been previously studied²⁰, (2)

¹⁸ Wolfe, Robert, *Farm Wars*, London: Macmillan Press Ltd, 1998, p. 5.

¹⁹ For more discussion on globalisation and agriculture see Coleman, William, Grant, Wyn, and Josling, Tim, *Agriculture in the New Global Economy*. Cheltenham; Northampton, Mass.: Edward Elgar Publication, 2004.

²⁰ สำนักงานเศรษฐกิจการเกษตร, การตลาด/ราคาสินค้าเกษตร: ผลกระทบจากการเจรจาการค้าสินค้าเกษตรในกรอบอูรุกวัย ในกรณีข้าว. กระทรวงเกษตรและสหกรณ์, 2534. [Office of Agricultural Economics, *Marketing/Price of Agricultural*

frozen prawn export was also the key sector in agricultural politics, whereas poultry export had just started to gain importance, (3) the prawn sector is to be used as a deviant case study of the literature of domestic-driven bargaining analysis.

The selection of the two agricultural industries was more to observe their inputs in the trade policy formulation process than to examine which sector has more influence in domestic politics, as is common in the practice of the politics of agriculture.

The rationale for this selection is as follows: during the Uruguay Round negotiations, chicken and prawn increasingly became major agricultural export products for Thailand. Frozen fresh chicken and relevant products, the main livestock agricultural export commodities, accounted for 6.22% of total agricultural exports in 1994, creating revenue of more than 10,400 million Baht (US\$416 million); fresh frozen prawns were the key business of aquaculture exports, accounting for 18.96% of all the total agricultural exports, creating revenue of 31,709 million Baht (US\$1,268.3 million).²¹ Therefore, further probing into the influence of these two industries on Thailand's trade positions and bargaining strategies could at least yield insights on how negotiators balance farm interests at home, if any. It may also be possible to observe if the trade positions and interests are indeed the results of officials having calculated and balanced inputs from diverse interests at home, as assumed by two-level game literature. Or rather, are the positions and strategies influenced and formulated by the policy makers themselves? The decision to include these two different agricultural industries in the study is based on an understanding that

²¹ นิพนธ์ พัวพงศกร, ผลกระทบของการเจรจารอบอุรุกวัย ต่อสินค้าเกษตรในตลาดโลก และภาคเกษตรของไทย. สถาบันวิจัยเพื่อการพัฒนประเทศไทย. ตุลาคม 2539, pp. 22-24. [Puapongsakorn, Nipon, *The Impact of the Uruguay Round Negotiations on World Agricultural Products and the Agriculture Sector of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, pp. 22-24.]

participation in the globalising world is no longer the privilege of state actors. Rather, it also includes non-state actors such as NGOs and civil societies, although the WTO remains very much a government driven negotiating process.

This single case-study research undertaking is also underpinned by a number of techniques. The principal techniques of investigation are analyses of primary and secondary documents, semi-structured elite interviews, and group interviews.

Primary sources consulted for the study include official government policy documents such as white papers, diplomat conference materials and ministerial statements, annual reports of governmental departments, national statistics, the GATT agreements, and proposals submitted in the negotiations by Thailand, both individually and with other countries (coalitions). Another essential primary resource is the Trade Policy review submitted to the Trade Policy Review Body at the WTO. Although the Trade Policy Review Mechanism (TPRM) did not come into being until after the Uruguay Round, the trade policy statements of the year 1995 and 1999 (reports both by the Secretariat and the Government of Thailand), at least in the Overview, give some useful pictures of what happened during the Uruguay Round. These sets of data are directly accessed from various sources, including the library of department of trade negotiations (DTN) at the Ministry of Commerce, the national library of Thailand, the library of Thailand Development Research Institute (TDRI), WTO Watch at Thammasart University, the library of the Bank of Thailand (the central bank), and the Thai Chamber of Commerce. Also, relevant useful materials were gathered from the official websites of government departments, regional organisations, and the WTO itself. However, it is necessary to note that not all the

documents and information are available in English, although most materials on the official websites are available in both English and Thai. The majority of the Thai government policy documents are available only in Thai, the official language of Thailand. Secondary sources encompass books, both Thai and English, articles, academic journals and newspapers.

In total, there were thirty interview respondents. In order to ensure that the cross-section of relevant respondents was as representative as possible, interviewees were divided into three categories and two methods of enquiry were used, namely the semi-structured and group interviews.

The first category consisted of ten interviews held with government officials including the former and current negotiators in the Ministry of Commerce, but also involved officials from the Ministry of Foreign Affairs and the Ministry of Agriculture and Cooperatives. As for semi-structured elite interviews, twenty interviews were undertaken in total (a full list of all interviewees can be found in Appendix A).

The interviews conducted with the first group of interviewees were very useful because they were able to provide further contacts. By using this ‘snowball’ technique, sources for a good number of official documents were identified.²² Some of the interviewees were so helpful that they even took the trouble to contact the potential interviewees and actually arrange further interviews. However, it must be pointed out that it was initially very difficult to get in touch with the interviewees in

²² Grant, W, ‘Elite Interviewing: A Practical Guide’, p.3, quoted in Grix, Jonathan, *The Foundations of Research*. Basingstoke: Palgrave Macmillan, 2004, p. 128.

the first category. With the norms of social connections and hierarchical statuses in Thai culture and politics, resorting to ‘cold calling’ renders it almost impossible to get in touch with interviewees at an elite level in the first place. However, it was later achieved through personal connections and networks. As said, once connected to the first interviewees, he/she could introduce the next appropriate interviewees. The second group of interviewees consisted of discussions with non government organisations and actors such as the Executive Director of the International Institute for Trade and Development, a telephone interview with the Vice Chairman (Foods & Pharmaceuticals Cluster) of the Federation of Thai Industries (F.T.I.) and semi-structured interviews with officials at the Thailand Research Fund (TRF) and chicken and prawn exporters. This group also encompassed academic circles and policy think tanks. The decision to incorporate this group of interviewees was based on the notion, widely accepted in IPE, that participation in the globalising political economy is no longer the preserve of state actors, but rather includes non-state actors as well.

A key source of primary data, the technique of semi-structured elite interviewing was selected for two reasons. Firstly, the fact that a semi-structured elite interview does not follow a rigid format allows greater scope for interviewees to answer questions on their own terms. The advantage of this method of interviewing is that it permits a certain degree of flexibility and allows for the pursuit of unexpected lines of enquiry during the interview.²³ Therefore, elite interviews can inject a qualitative depth to the information collected from other research sources. Secondly, elite interviews can help the researcher to understand “actors’ perceptions of the world in which they operate.

²³ Grix, Jonathan, *The Foundations of Research*. Basingstoke: Palgrave Macmillan, 2004, p. 127.

The advantages of elite interviews are numerous. For example, they can assist in interpreting documents or reports, as well as in understanding the motives of decision-makers. In addition, they can yield information not documented or available elsewhere.²⁴ Nonetheless, choosing elite interviewing as a method of data collection and enquiry has its drawbacks. Some of the disadvantages of this technique are the subjective nature of the selection process of respondents and the accounts of interviewees, as well as the disputable reliability of the interviewee, stemming from memory failure or ideological partisanship.²⁵ Another widely recognised concern has to do with access, particularly how to make direct contact with senior officials. As mentioned above, this presented a problem early in the process of the study when the interviewer resorted to ‘cold-calling’. After realising the ineffectiveness of ‘cold-calling’, the interviewer chose to use personal contacts and networks. Hence, the issue of access became less of a problem given the acquaintance of the interviewer.

The last category of interviews was semi-structured group interviews or small focus groups with prawn and chicken farmers. The interviews were tape-recorded in the same way as the one-to-one interviews. The rationale behind using the group interview technique was that an individual farmer would be too shy to be in a one-to-one interview, as well as too afraid to give out the wrong information. Hence, the role of the researcher was different from when conducting a one-to-one interview. The researcher acted more as a moderator to encourage a dialogue between group members.

²⁴ David Richards, ‘Elite Interviewing: Approaches and Pitfalls,’ in *Politics*, Vol. 16, No. 3, 1996, p. 200.

²⁵ *Ibid.*, p. 200.

Most interviews took place in Bangkok, although a number of interviews were held in Prajinburi and Saraburi provinces. Three were conducted over the telephone. All except one were tape-recorded. In general, the duration of the interviews ranged from half an hour to one hour. The twenty-six respondents who agreed to be tape-recorded consented to this arrangement prior to the actual interview session, thus meeting any ethical concerns. A taped interview is beneficial since it enables the researcher to concentrate more on what the interviewee is saying rather than worry about the speed of transcribing the interview. In addition, it provides a verbatim transcript of the interview for the researcher to later access when needed.²⁶ None of the interviewees specifically requested anonymity. All taped interviews were later transcribed and analysed. Where additional information was required, later communication with interviewees was achieved through telephone calls or e-mail.

Finally, this research also uses general hypotheses and comparison to link its finding to a wider enterprise. Thus, it is hoped that the study will make at least some contribution to the understanding of broader issues of politics of international trade and developing countries at the WTO. To be more specific, it is hoped it will derive a greater understanding of Thailand's participation in the trade negotiations in the Doha Round. More importantly, the thesis intends to make a contribution to IPE by throwing light on the inadequacies of the conventional accounts of domestic-driven negotiation analysis and the gap of negotiation analysis with regard to developing countries.

²⁶ *Ibid.*

The argument

By looking at the empirical case study of international negotiations at the GATT/WTO, the thesis shows that developing countries like Thailand would not be able to rely on only one negotiating strategy in order to attain sought after outcomes. Instead, they have to strategically rely on several available strategies: agenda-setting, coalition with other developing and/or developed countries, bilateral or regional free trade initiatives, or even the empowerment of national economic negotiators both at home and in Geneva. Ideally, it would be best to place more focus on the empowerment of national economic negotiators both at home and in Geneva. However, the thesis argues that the limited bargaining power of developing countries in international trade talks makes coalition-building an especially crucial and most appealing tool for their effective diplomacy in the short term.

Nevertheless, before one can say which strategy works most effectively, one must have a way to assess the effectiveness of that particular strategy. In this regard, the thesis assesses the effectiveness of strategies in two respects: in terms of “internal” or subjective assessment i.e. as per the goals enunciated by the negotiators themselves, and “external” or objective assessment.

The thesis then also argues that bargaining strategies have to be exercised in all channels. To further systemise, bargaining strategies could possibly be grouped into three levels: (1) international, where coalition building and mixed strategy of distributive and integrative tactics can be utilised; (2) regional, where regional agreements/regional-based coalitions can be utilised as a springboard for bargaining;

and (3) domestic, where the role of individual officials and ministers can feed into the effectiveness of the bargaining strategies being conducted.

The increasing size of the GATT/WTO can also render multilateral negotiations more contentious and harder to conclude by expanding the range of interests that need to be accommodated. Thus, heightened bargaining power is especially useful during multilateral trade negotiations. As the size of GATT/WTO grows, its members may find it useful to enter bilateral or smaller agreements, comprising states with common economic interests. In addition, establishing a regional arrangement/regional-based coalition can strengthen developing countries' bargaining position vis-à-vis non-members by providing them with insurance against the round stalling or developments within the multilateral regime that threaten their interests.²⁷

Furthermore, this type of regional agreement may also boost bargaining power by giving states - both powerful and emerging powers - a greater voice in international trade fora and by enhancing their market power. Also, many developing countries have considerable difficulty maintaining sufficient expertise on a wide range of issues of concern and policies in order to participate effectively in multilateral trade negotiations. Both coalitions and regional-based coalitions offer the pooling of bargaining resources from members to improve how they research, articulate, and represent their common interests in trade talks with non-members.

As the effectiveness of each strategy depends on the negotiating environments and other countries' strategies, the fact that weak states seek bilateral options to secure the

²⁷ Mansfield, Edward D., and Reinhardt, Eric, 'Multilateral Determinants of Regionalism: The Effects of GATT/WTO on the Formation of Preferential Trading Arrangements' in *International Organisation* 57, Fall 2003, p.834.

greatest possible benefits from the multilateral regime can be seen as another response to the unilateral strategies pursued by the other powerful countries such as the US and the EU, who are increasingly turning to bilateral free trade. The international context during the Uruguay Round also lowered the incentives for the EU and the US to push for multilateral agreements and prompted them to seek bilateral deals. To be more concrete, the way developing countries seek bilateral trade agreements can be viewed as a reaction to the powerful countries' carrots and sticks approach, particularly the US. An increase of US interest in bilateral trading arrangements reflects a way for it to exercise its power. This can be seen as an attempt to impair the working of developing countries' coalitions. As a result of the mentioned bilateral carrots and sticks, developing countries, depending on the composition of the group concerned, are less likely to achieve a greater internal cohesion in the group.²⁸ Hence, it is more challenging for developing countries to maintain coalition-building as an effective bargaining strategy.

Finally, the last and equally important tool that developing countries can employ to enhance their participatory abilities in the GATT/WTO lies at the national level. This is because domestic politics can also affect the developing countries' trade delegations, involved officials, and ministers' perceptions of their alternatives to international agreements, which raises the other point that the thesis is keen to examine. It is argued that the conventional accounts of domestic-driven negotiation analysis are inadequate in trying to explain the bargaining and negotiating experiences of the developing countries at the WTO. Prior to and during the Uruguay Round, local

²⁸ Narlikar, Amrita and Tussie, Diana, 'The G20 at the Cancun ministerial: Developing countries and their evolving coalitions at the WTO' in *World Economy*. Oxford: Blackwell publishing, 2004, 947-966, p. 960.

businesses displayed poor awareness of the international trade rules, and how they affected the way they trade; this was even truer for the farmers.²⁹ When compared to their counterparts in trade superpower countries, the input of farmers and business lobby groups in trade policy in developing countries were weaker than those in the industrialised states, although this has significantly improved after the WTO rules were implemented. Among the causes that weaken their abilities to participate in international negotiations is the weak interest that domestic capitals have in international trade policy matters. Although it is generally the case that trade rules seldom have election making or breaking potential in both developed and developing countries (with the exception of the USA and the EU), domestic capitals in developing countries tend to choose not to invest adequate resources in capacity-building at home or at the delegation level. As Narlikar points out:

‘there exists little policy coordination between the capitals and the delegations in Geneva for many countries, which means that while delegations can exercise considerable negotiating leeway due to their independence from domestic pressures, but they are also deprived of the research-based and political back-up that is needed to negotiate effectively.’³⁰

In the past, in most developing countries there has hardly been any national structure for international trade policy-making. Furthermore, whatever technical expertise that did exist was difficult to relate to the GATT/WTO context, especially with the

²⁹ Titipol Phakdeewanich, ‘The role of farmers groups in Thai politics : a case study of domestic and global pressure on rice, sugarcane, and potato farmers’ (PhD dissertation, University of Warwick, 2004)

³⁰ www.southcentre.org/publications/wtodecis/toc.htm - Narlikar, Amrita, ‘WTO Decision-making and developing countries’ Accessed March 2005.

vastness and complexity of the issues covered within its mandate. This is why developing countries began to recognise that they needed to somehow increase their Geneva presence, increase coordination between Geneva and their capitals, and increase interest, resource, and research commitments at the national level to allow more informed participation in the GATT/WTO. Thus, since the Uruguay Round, many developing countries have put a great deal of effort into the empowerment of national capacity. Many emerging powers have committed themselves to greater representation in Geneva and better research dedication. The increased presence in Geneva may allow developing countries more informed participation.

Nevertheless, the increased presence in Geneva does not necessarily guarantee that developing countries will enjoy the additional influence in negotiations in the GATT/WTO. As is obvious in the case of Thailand, a larger size of delegation in Geneva does not simply translate to additional influence in the negotiations. Another good example is when Dr Supachai Panitchpakdi (Thailand) took over his duties as new Director General (DG) of the WTO on 1st September 2002. As the organisation's first leader from the developing world, a great deal of pressure was put on him to champion the causes of the poor. While his speeches indicated that he certainly intended to push those causes to the top of the agenda, some comments prompted a few developed country delegates to comment that a danger existed that he would be marginalised and ignored by the larger powers if not more careful with his words.³¹ Therefore, this is an important point to make: not even the most adequately funded technical assistance programmes in or by the developing world can be completely free

³¹ <http://www.ictsd.org/weekly/02-09-13/story3.htm> - 'WTO SECRETARIAT WELCOMES NEW TEAM AT THE HELM', Bridges Weekly Main Page, Vol. 6, Number 30, 13 September 2002. Accessed on 28th August 2004.

from the influence of the great powers and their agenda. Nevertheless, it must be accepted that it is a necessary condition for progress.

To sum up, the effectiveness of each bargaining strategy that developing countries are able to exploit in international trade negotiations depends, in a large part, on the possible availability of the strategies, other countries' strategies, including those of alliances and opponents, as well as the negotiations' contexts: economic, political, domestic, or international .

Plan of the thesis

As outlined, this thesis is about international trade negotiations, more specifically, about how to utilise the bargaining strategies available if they are to bring more advantages to the developing countries. Whether or not the developing world can directly influence the negotiations is a subject for further debate and investigation. Rather, what this research aims to offer is an understanding of how developing countries can maximise their influence in any negotiations given the inconsistent contexts of negotiations.

The thesis is divided into nine chapters and the organisation is as follows.

Following this introduction, the second chapter elaborates on the key theoretical frameworks of bargaining and negotiations. It clarifies and expands upon the principal assumption that underlies this study, namely that bargaining strategies which best provide developing countries with a critical instrument for expanding their bargaining power are the ones that react well to other countries' strategies and the context of negotiations. To this end, it identifies and explains how each strategy - coalitions,

bilateral/regional-based trade coalitions, and a better domestic information network - can assist in overcoming some of these weaknesses. Secondly, the chapter also engages with theories on bargaining and negotiation to assist in understanding what kinds of strategies work, as well as their limitations and in what circumstances.

Chapter 3 identifies the context of negotiations or the historical background to the case study. It explains why the inclusion of agriculture into the pre-negotiation phase of the Uruguay Round marked a very important phase in the participation and activity of developing countries in the GATT. It also clarifies why focusing on the Uruguay Round is preferable in terms of gaining an insight into the trade strategies of developing countries. Firstly, the chapter looks at the background to the Uruguay Round, namely what were the origins of the Round. Next, it tries to identify the key actors in the agricultural negotiations in the Round, their interests, and the economic contexts during negotiations.

Chapters 4-5 encompass the case study of the participation of Thailand in the Agricultural Negotiations of the Uruguay Round. Chapter 4 studies the contexts of negotiations for Thailand; for example, the market and political conditions at both global and domestic levels, to demonstrate the contexts for agricultural negotiations. By establishing that agriculture plays a central role in both Thai politics and economy, the key bargaining objectives of the Thai government are identified. Later, the chapter seeks to specify and analyse the bargaining strategies available to the Thai government at the time. It then explores the formation of Thai Trade Policy. As strategies are essentially made within the realm of trade policy as a subset of the foreign policy, it will be useful to also learn how trade policies are formulated. In

essence, the strategies available to the trade diplomats have to conform to, or at least be in line with, the national trade policy. Thus, the trade policy on one hand provides the context for negotiators, and on the other hand virtually limits the possibility of bargaining strategies that trade representatives are able to exercise. Equally vital is learning which actors have more influence over the formation of trade policy at the domestic level, by focusing on two domestic commodities, namely prawns and chickens to see to what extent they have influence – direct or even indirect - on agricultural domestic politics and the formation of Thai trade policy. It is necessary to sensitise the differences between commodities because this issue is very important in agricultural politics.

Chapter 6 examines and summarises the key outcomes of the Uruguay Round and the Agricultural Negotiations. Chapter 7 is an analysis of the Thai case study. It assesses the achievement of Thailand's participation in Uruguay Round trade negotiations and the outcomes of the strategies utilised by the Thai economic negotiators in the Uruguay Round. By encapsulating the main issue areas of the agreement, the chapter will then consider the result of the strategies used by the Thai government during the Uruguay Round; hence, it assesses what strategies work best under what circumstances. The chapter tries to discover what Thailand achieved in the negotiations, and also what strategies contribute to the attainment of the sought after outcomes.

Then, chapter 8 will look at the present strategies of Thailand to see if they have changed as a response to the lessons learned. It analyses whether any bargaining strategy used during the negotiations in the Round has been reinforced or dismissed

afterwards in the hope that it will leave behind a trail of clues as to which strategy type works and why. It also explores the implication of the case study on other developing countries.

The conclusion summarises the empirical findings through an analytical framework for conceptualising and classifying bargaining strategies. Finally, it specifies the contribution of the study to IPE and gives suggestions for a future research agenda.

Chapter 2: Literature review: bargaining, negotiations and strategies

In this chapter, attention turns to the study of bargaining and negotiation and bargaining strategies. Relevant bargaining strategies and negotiation theories are reviewed, particularly concerning economic trade negotiations. Additionally, the chapter touches upon the basic elements of Multilateral Trade Negotiations (MTNs) especially the GATT and the WTO, in which bargaining strategies are played out. Finally, the chapter turns its attention to the role of coalitions as a bargaining tool in trade negotiations, as well as determinant factors of strategies chosen.

Negotiations

Negotiation is an effective instrument for solving both international and domestic problems. Many studies have been devoted to its analysis, be it the process itself or the strategies used in negotiations. Most contributions on the subject attempt to identify the key elements that help clarify its definition, analysis, and evaluation. Insofar as this thesis is concerned, international negotiations on international trade are the main focal point.

Traditionally, international negotiations have been viewed as an array of loosely tied autonomous situations in which sovereign partners meet to find a joint and mutually acceptable solution to a dispute. However, they have undergone significant changes. As they grow in number; they become more complex, technically and politically. The

overlap of these developments with the persistence of the traditional approach creates impasses and deadlocks and results in widespread discontent among theoreticians and practitioners.³² It is often said that negotiations become lengthier, but no more effective. The outcome is frequently regarded as unbalanced or unjust, even when an agreement is signed.

This section, therefore, centres on a discussion of the elements and the aspects of international negotiations. When outlining the different characteristics between bilateral and multilateral negotiations, the distinct features of multilateral negotiations will be used as the starting point of an analysis of international trade negotiations under the aegis of the GATT. Then, attention turns to the literature of a number of contending analytical approaches to negotiation.

Elements of a Negotiation

No matter what size or how complex it is, the basic elements highlighted below can be found in any negotiation, be it between monolithic parties or in the most complex coalitional interactions with varied communication and decision rules. Essentially, it is useful to identify these elements prior to carrying out any negotiation analysis.

Parties/ Actors

In the domain of international relations, it can be argued that, in order to understand the factors that contribute to effective negotiation, one must take into account the actors. Thus, the crucial first step for an effective negotiation analysis is to map the

³² Kremenyuk, Victor A., 'The Emerging system of International Negotiation,' in Victor A. Kremenyuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, p.23.

full set of potentially relevant parties in the context of the decision processes.³³ In the least complex negotiation, two principals negotiate with each other. Yet, potentially complicating parties and other agents may be present, as may multiple internal factions with very different interests. Multiple parties tend to be the norm in most international negotiations, as is apparent in the GATT and the WTO.

Traditionally, the actors who have participated in multilateral negotiations have been states and their governmental representatives. One of the most significant developments since the end of World War II is the dramatic increase in the number of independent states. This quantitative change in the nature of the international system has had a profound impact on world politics. In particular, it also has led to greater complexity in the conduct of multilateral negotiations. Interestingly, although the sovereign equality of states is a fundamental principle of the international system, there are vast disparities between different states in terms of their military strength, economic resources, and diplomatic leverage. Similar or unequal capabilities between states may result in symmetrical or asymmetrical negotiations.³⁴ Nonetheless, there is an effort to reduce unequal capabilities between states in international economic institutions such as in the case of the WTO. Unlike the weighted voting system of the International Monetary Fund (IMF) and the World Bank, the WTO is a one-member-one-vote organisation, thereby allowing equal status to all members, irrespective of trade shares or general economic size. This can be seen as an attempt to simplify complexity in the conduct of multilateral negotiations. However, it also receives

³³ Sebenius, James K., 'International Negotiation Analysis,' in Victor A. Kremeneyuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, p. 234.

³⁴ Williams, Abiodun, *Many Voices: Multilateral Negotiations in the World Arena*. Oxford: Westview Press, 1992, P2-3.

criticism, since the one-member-one-vote membership does not always achieve simplification of the complexity of multilateral negotiations. Rather, it means that one has to resort to 'green room' negotiations, which are generally less transparent.

Green room meetings were exclusive small group meetings which were traditionally called at the initiative of the Director-General of the GATT to hammer out possible deals on contentious issues involving principals and interested parties. The term to describe such small group meetings became the Green Room gatherings, originally based on the decoration found in the green meeting room adjacent to the Director-General's Office. The Green room process became very controversial in 1990s since it worked by invitation only, and merely a small number of 'important' delegations would be invited to these meetings. Also, the fact that only a few developing countries were invited to be represented around the negotiating table raised objections from many developing countries that were excluded.

To complicate matters further, an increasing number of non-state actors are now involved in multilateral negotiations and have become more active over the decades, although states are still the primary participants. These non-state actors range from international organisations, regional organisations and NGOs, to multinational corporations.

Finally, it is true that most international negotiations take the form of bargaining among governments; yet, most take place through representatives. Each government is represented by individuals or agents who are empowered to act for a constituency

and to develop possible agreements with their counterparts on the other side.³⁵ While the actors between whom international negotiations take place are often individuals, it is rarely the case that the principals are free to work directly with each other. In international relations they are usually groups or organisations, with complex internal workings of their own.³⁶

Interests/Objectives, Issues, and Positions

Issues means subjects discussed explicitly and not underlying purposes or objectives. Such subjects appear as points covered by agreements when explicit agreements are reached.³⁷ Multilateral negotiations cover a broad range of issues: security, economics, trade and finance, environment, human rights, science and technology. This reflects the growing complexity of world affairs.³⁸

An important first analytic step, suggested by game theorists, is to probe deeply for interests, distinguish them from issues and positions, and carefully assess trade-offs. It is often important to distinguish parties' underlying interests from the issues under negotiation, on which position or stands are taken. However, the connections among positions on issues and interests are rarely simple.³⁹ Decision-makers in negotiations

³⁵ Rubin, Jeffrey Z. 'The Actors in Negotiation,' in Victor A. Kremeneyuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, p. 101.

³⁶ *Ibid.*, p. 99.

³⁷ Odell, John S., *Negotiating the World Economy*. London: Cornell University Press, 2000, p. 25.

³⁸ Williams, Abiodun, *Many Voices: Multilateral Negotiations in the World Arena*. Oxford: Westview Press, 1992, P2-3.

³⁹ Sebenius, James K., 'International Negotiation Analysis,' in Victor A. Kremeneyuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, p. 234.

often do not have complete information about the situation and, therefore, may misunderstand the true intention of their opponents. The difficulty is compounded when individuals or groups with different concerns make up one side in a negotiation because it is generally no longer possible to specify overall trade-offs. However, carefully tracing of which set of interests is ascendant, according to the internal bargaining process of given factions, may continue to provide insights.⁴⁰

Every official or negotiator will have specific types of objectives or positions. These objectives can be political, economic, or social. Typically, an international trade negotiator will have at least three types of objectives, which are economic objectives, relational influence over negotiation, and domestic political popularity.⁴¹ These objectives may not be fully consistent with one another, however. Thus, negotiators usually vary their priorities according to issue, environmental conditions, or experience.

Rules of Procedures

Another strategy to cope with the challenges of size is the adoption of formal rules of procedure, which provide the framework within which negotiations are conducted. Generally, rules of procedure include the following: the number and rank of the parties; the languages to be used and the rights of the participants; the length and frequency of the sessions; and the method of decision-making.⁴² Bearing in mind that

⁴⁰ *Ibid.*, p. 235.

⁴¹ Odell, John S., *Negotiating the World Economy*. London: Cornell University Press, 2000, p. 25.

⁴² Williams, Abiodun, *Many Voices: Multilateral Negotiations in the World Arena*. Oxford: Westview Press, 1992, P6.

procedural arrangements can influence the outcome of negotiations, shrewd negotiators regularly use them to their advantage. This is why many negotiators from developing countries are trying to enhance their abilities to push the agendas of their countries' interests onto the table for negotiations in the early stages, if possible. As in bilateral negotiations, the order of items on the agenda is crucial, as this can also have an effect on the outcome. Crucially important to what is placed on the agenda at all in the multilateral setting, the agenda order takes on added significance, for it is more difficult to change earlier decisions because of the number of participants.

Negotiating phases

Multilateral negotiations vary, not only in the kind and number of parties involved and the issues that are the subject of negotiations, but also in the form and process of the actual negotiations themselves. Nevertheless, it is possible to identify certain phases in the negotiation process that are characteristic of many multinational negotiations. For analytical purposes, any trade negotiation process can be decomposed into four distinct negotiating stages: catalyst, pre-negotiation, negotiation, and post-negotiation.⁴³

Catalyst

Even before the concerned parties in a given negotiation make contact, they have explored the pros and cons or even the mere possibility of negotiating. Policy vision is often implied at the catalyst stage, starting with a country or leader acting as a catalyst and defining in broad terms the issues to be negotiated.

⁴³ Hoekman, Bernard M., and Kostecki, Michel M., *The Political Economy of the World Trading System*. 2nd ed. Oxford: Oxford University Press, 2001, p. 113.

Pre-negotiation

With a plethora of issues and problems that demand multilateral solutions, multilateral negotiations are essential in solving these problems and in dealing with unpredictability and change in the international system. In the pre-negotiation phase, therefore, discussions (negotiations) take place on the possible agenda for the formal negotiations. These discussions then lead to the establishment of the agenda to be negotiated. In fact, the agenda that is established places constraints on the parameters of the formal negotiation that will follow.⁴⁴

Negotiation

At the negotiation stage, formal government-to-government bargaining takes place, occasionally with interest-group participation. Negotiators have to take into account not only the positions of their respective governments and domestic interest groups, but also those of the regional bloc or coalition to which their country belongs.

Ultimately, depending on bargaining strategies, tactics, and time constraints, a formal draft of an agreement emerges. One interesting point to note is that negotiators have specific tricks to salvage a seemingly hopeless situation when negotiations reach a crisis point or when the parties cannot extricate themselves from their mutually irreconcilable positions.⁴⁵ The easiest way is to offer a deliberate compromise through the use of vague language. To allow opposing sides to save face and to avoid contentious references, the language used may be blurred and ambiguous. However, this technique is more often implemented in multilateral than in bilateral negotiations.

⁴⁴ *Ibid.*, p. 113.

⁴⁵ Cede, Franz, 'The Legal Perspective on International Negotiations', in Victor A. Kremenjuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, pp.145 -158.

Another trick is simply to agree to disagree. Leaving the thorny issue aside, lack of resolution may, under certain circumstances, be the best way to manage a problem that seems otherwise insurmountable.

During many multilateral negotiations, the final elements of a treaty or agreement are usually hammered out under significant time pressure and in the last stage of the process.⁴⁶ The setting of deadlines and the awareness that time is limited often create a certain momentum, leading the different parties to shift their positions and compromise. A good example is the Uruguay Round negotiations, where parties shifted positions at the last stages of the negotiating process, resulting in an agreement being reached.

It is during this phase of negotiations that final decisions are usually reached. Yet, there is no simple relationship between the process of negotiation and its outcome.

Post-negotiation (outcome) / Implementation

The final stage of a multilateral negotiation is the post-negotiation. Particularly in the case of international trade negotiation, the post-negotiation is the implementation stage, which determines how the agreements are embodied in a country's law and enforced by its administration, judiciary and legislature.⁴⁷ It is important to note here,

⁴⁶ Williaams, Abiodun, *Many Voices: Multilateral Negotiations in the World Arena*. Oxford: Westview Press, 1992, p.8.

⁴⁷ Hoekman, Bernard M., and Kostecki, Michel M., *The Political Economy of the World Trading System*. 2nd ed. Oxford: Oxford University Press, 2001, p. 113.

though, that there will frequently be an imperfect correspondence between what was negotiated and what is actually implemented, as well as the enforcement problems.

Bilateral versus Multilateral Negotiations

In the area of diplomacy, still dominated today by sovereign states as the key actors, international negotiations take place either bilaterally or in a multilateral framework. Although there has been a plethora of studies on negotiation generally, and on bilateral negotiations in particular, relatively few have concentrated on multilateral negotiation. This, to some degree, is a reflection of the difficulty involved in having to take into account the many relevant variables that affect the nature, process, and outcome of multilateral negotiations. The difficulties associated with bilateral negotiations are often compounded in multilateral negotiations, involving as they do a greater number of parties with varied interests, goals, and objectives, as well as different national, cultural, and linguistic backgrounds. Although it is generally recognised that there are differences between bilateral and multilateral negotiation, multilateral negotiation is often regarded as merely an enlarged version of what occurs bilaterally.⁴⁸

Hence, it is customary to define a multilateral negotiation as a negotiation involving more than two participants. Because multilateral negotiations usually include numerous parties, they are potentially cumbersome and thus must contend with the problems that result from their size and number. To name just a few: there are a greater number of objectives to be reconciled; many different cultural and political

⁴⁸ Williaams, Abiodun, *Many Voices: Multilateral Negotiations in the World Arena*. Oxford: Westview Press, 1992, pp.2-3.

attitudes to be accommodated; and more voices to be heard. Frequently, the formation of blocs is one mechanism that is employed to cope with difficulties that stem from size.

In a negotiating pattern characterised by many participants, there is always a tendency to lean toward compromise solutions. More often than not, these compromises reflect the lowest common denominator solution acceptable to the largest number of actors, rather than what might be considered the optimum outcome. According to Simon, agents lack not only full information and true priorities, but also the capability to perform the calculation required to optimise.⁴⁹ Although actors involved in negotiations are rational in the sense that they aim to achieve set objectives as effectively as they are able, their rationality is bounded by the two shortcomings mentioned above. In multilateral negotiating involving a great number of participants, consensus-based decision appears to indicate general acceptance of the agreement in question. Consensus-based decisions are simply those that are considered favourably at first sight. Nevertheless, on a second look, it may well turn out that the price of consensus is high. As is the case with any compromise solution, a consensus often hides dissenting views and positions that were simply swept under the carpet in the overall move to find an agreement at last.

Whereas bilateral negotiations are more flexible in terms of procedure, multilateral negotiations, in theory, are generally characterised by a high degree of formalism. In theory, multilateral talks use rules-based principles to build an atmosphere of dialogue and trust during the negotiation process and should, therefore, tend to strengthen

⁴⁹ For more information, see Simon, Herbert A., *Models of Bounded Rationality*. Cambridge, Mass: The MIT Press, 1997.

relationships among participants.⁵⁰ Normally, multilateral negotiations are conducted either in the framework of international diplomatic conferences or within international organisations, always following a well-regulated pattern strictly in line with the applicable rules of procedure.⁵¹ Nevertheless, there is an exception in the way multilateral trade negotiations are being conducted at the GATT/WTO. Due to its consensus building nature, the decision-making process, therefore, relies considerably on a network of informal processes to facilitate the derivation of consensus. In fact, this behind-the-scenes or club-like activity of the Green Room consultative process has generally been criticised for being inaccessible for developing countries and hence leads to developing countries' marginalisation in the decision-making process at the WTO. In addition, from a legal point of view, the setup of multilateral negotiations is a world apart from bilateral talks. Within the framework of international conferences or organisations, negotiations are conducted in accordance with rules or procedures which have decisive legal implications for the conduct of the proceedings and their outcome.⁵² In contrast, bilateral talks, more flexible in character, are more conducive to finding solutions that are tailored to the needs and interests of the parties. It is important to note, though, that there may be an asymmetry problem, e.g., the US and developing countries. In most cases, the participants themselves are the masters of the agenda and of the procedures to be obeyed.⁵³

⁵⁰ Ives, Paula Murphy, 'Negotiating Global Change: Progressive Multilateralism in Trade in Telecommunications Talks' in *International Negotiation* 8: 43–78, 2003, p. 69.

⁵¹ Cede, Franz, 'The Legal Perspective on International Negotiations', in Victor A. Kremenyuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, pp.145 -158.

⁵² *Ibid.*, pp.145 -158.

⁵³ *Ibid.*, pp.145 -158.

One of the defining distinctions of a multilateral negotiation is that parties can and do tend to form coalitions as one way of cutting down the complexity, promoting their preferences, and learning. Generally, a coalition is a set of governments that defend a common position in a negotiation by explicit coordination.⁵⁴ Also, multilateral trade negotiation fora like the GATT and the WTO offer developing countries better prospects than bilateral negotiations. Nevertheless, a multilateral trade negotiation does not by itself neutralise inequalities in bargaining power or remedy disparities in information and organisational resources because multilateral trade negotiation fora like the GATT and the WTO also provide opportunities for strong nations to form coalitions, just as they do for the weak. However, it is important to recall that multilateral negotiations cannot be viewed in isolation. Instead, they have to be seen as an integral part of a broader negotiation space, along with bilateral and regional negotiations.

International Trade Negotiations

Negotiation is the driving force of the multilateral trading system. Negotiations are used by nation states to agree on rules and procedures. For instance, they are convened to periodically reduce trade barriers and to resolve trade conflicts.⁵⁵

⁵⁴ Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 13.

⁵⁵ Hoekman, Bernard M., and Kostecki, Michel M., *The Political Economy of the World Trading System*. 2nd ed. Oxford: Oxford University Press, 2001, p. 100.

The GATT and WTO

The establishment of the GATT was driven by the concern to avoid a repetition of the disastrous mistakes of the 1920s and 1930s. Midway through the Second World War, the United States and the United Kingdom discussed plans for a post-war framework of international economic cooperation involving three organisations that would operate as agencies of the United Nations. Two of these organisations – the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (or the World Bank as it has become known) – came into being. However, the third – the International Trade Organisation (ITO) –barely saw the light of day. Despite the failure of the ITO, it was to prove historically significant in that preparations for its establishment resulted in the creation of the GATT. As a result of the bilateral talks between US and UK officials to establish a multilateral and non-discriminatory trading system, the US Department of State in 1945 published a set of proposals for an international trade organisation. The proposals were subsequently elaborated into a draft charter. The final version of the ITO Charter, drawn up in Havana, became known as the Havana Charter. The world trading system since then has operated under the GATT.⁵⁶

The General Agreement on Tariffs and Trade (GATT) was a commercial treaty that embodied a number of generally accepted principles of commercial policy which its signatories had agreed to. The GATT/WTO is sometimes recognized as a “free trade” institution, but that is not entirely accurate.⁵⁷ The GATT was not a charter for free

⁵⁶ Swinbank, Alan, and Tanner, Carolyn, *Farm Policy and Trade Conflict: the Uruguay Round and CAP Reform*, Michigan: The University of Michigan, 1996, p. 3.

⁵⁷ http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm#seetable – ‘Understanding the WTO: Basics (Principles of the trading system)’. Accessed March 2006.

trade because the key aim of the GATT was to achieve freer and fairer trade.⁵⁸ Even though it was widely acknowledged that the GATT perpetuated managed trade, it was also accepted that its achievement was to dismantle (some) protectionist barriers. The GATT has a strong free trade orientation, but also allows for the temporary protection of troubled industries in order to allow for their adjustment. The trading system under the GATT rules still allows tariffs and other forms of protection. To be more specific, the core principle of the GATT is non-discrimination, in the shape of most favoured nation treatment and national treatment. Compliance with these principles, through reduction of tariffs and elimination of other trade barriers, does not necessarily mean that the GATT played a crucial role in facilitating the progressive liberalisation of international trade.⁵⁹ More precisely, it is a system of rules dedicated to open market and free trade. From the beginning, the GATT did not act in opposition to the interventionist policies of states; it is rather the instrument by which national policies are reconciled.⁶⁰ The GATT's purpose was to provide a general framework of rights and obligations for countries participating in the tariff negotiations supported by the United States. This general framework corresponded fairly well to the American view of how international trade relations should be organised.⁶¹

⁵⁸ Gilpin, Robert, *The Political Economy of International Relations*. Princeton: University Press, 1987, pp. 190-191.

⁵⁹ Woolcock, Stephen, 'The multilateral trading system into the new millennium,' in Brian Hocking and Steven McGuire (eds.), *Trade Politics: International, Domestic and Regional Perspectives*. London: Routledge, 1999, p. 26.

⁶⁰ Wolfe, Robert, *Farm Wars*, London: Macmillan Press Ltd, 1998, p. 10.

⁶¹ Curzon, Victoria and Gerard, 'GATT: Traders' Club', in Robert W. Cox and Harold K. Jacobson, eds., *The Anatomy of Influence: Decision Making in International Organisation*. London: Yale University Press, Ltd, 1974, p. 299.

The scope and speed of liberalisation is negotiated among the contracting parties in the GATT (now WTO). The GATT also encourages negotiation based on reciprocal reductions or the balancing of benefits and concessions. Obviously, it is easier to get signatories to lower their barriers if their trading counterparts are prepared to do likewise.⁶² The whole exercise of negotiating rounds since the inception of the GATT has been based on this notion. However, certain unfair trade practices should not be tolerated. Liberal economists would argue that the fact that trade is subjected to a series of rules, therefore, results in trade that is 'managed' and falls within a neo-mercantilist approach. With a range of exceptions and loopholes that weaken its liberal character, the GATT/WTO approach seems to have a mercantilist flavour insofar as it proceeds by negotiation of mutual and balanced concessions.⁶³ Hence, the GATT was best known as a forum for consultation, discussion, and negotiation. It was also a code of behaviour upon which countries based their commercial relations; GATT, however, was never intended to be more than a flexible and pragmatic document representing the maximum that countries were prepared to agree upon when it was signed.

The second half of the twentieth century has indeed witnessed considerable opening of borders in the world economy. A succession of interstate accords through the GATT since 1948 has brought major reductions in customs duties, quotas, and other measures that previously inhibited cross-border movements of merchandise.

⁶² McDonald, Brian, *The World Trading System: The Uruguay Round and Beyond*, London: Macmillan Press Ltd, 1998, p. 25.

⁶³ *Ibid.*, p. 25.

To date, nine rounds of MTNs have been held under GATT/WTO auspices. These include Geneva (1947), Annecy (1949), Torquay (1951), another negotiation in Geneva in 1956, the Dillon Round (1960-1), the Kennedy Round (1964-7), the Tokyo Round (1973-9), the Uruguay Round (1986-94), and the Doha Round (2001 – present) under the WTO.

The history of the GATT can be roughly divided into three phases. The first phase, from 1947 until the Torquay Round, was largely concerned with which commodities would be covered by the agreement and to freeze existing tariff levels. The second phase, encompassing three rounds from 1959 to 1979, focused on reducing existing tariffs. The third phase, consisting only of the Uruguay Round from 1986 to 1994, extended the agreement fully to cover new areas such as intellectual property, services, capital, and also brought back agriculture to the GATT.⁶⁴

Rounds of GATT negotiations

1946 – 1948	Geneva, Switzerland	While the ITO charter was still being drafted and debated, the first round of negotiations was conducted among 23 countries. In 1947, GATT entered into force and the first round of tariff reductions was completed. The first version of GATT, developed in 1947 during the United Nations Conference on Trade and Employment in Havana, Cuba, is referred to as "GATT 1947". On January 1 st , 1948, Twenty-three nations signed a comprehensive free-trade agreement to implement many of the rules and negotiated tariff reductions that would have been overseen by the ITO. ⁶⁵ The round resulted in 45,000 tariff concessions affecting \$10 billion in trade (which comprised 20% of the total global market at the time).
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⁶⁴ <http://en.wikipedia.org/wiki/GATT> - 'General Agreement on Tariffs and Trade'. Accessed December 2007.

⁶⁵ Twenty three countries comprised: Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, the Republic of China, Cuba, the Czechoslovak Republic, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, the United Kingdom, and the United States.

1949	Annecy, France	The second round took place in 1949 in Annecy, France. The main focus of the talks was more tariff reductions, which were around 5000 tariff-concessions in total and thirteen countries agreed to additional tariff reductions.
1951	Torquay, United Kingdom	The third round occurred in Torquay, England in 1951. 8,700 tariff concessions were made and thirty eight countries agreed to additional tariff reductions.
1956	Geneva, Switzerland	The fourth round returned to Geneva in 1955 and lasted until May 1956. \$2.5 billion in tariffs were eliminated or reduced and twenty six countries agreed to additional tariff reductions and set strategy for future GATT policy toward developing countries and improving developing countries' positions as treaty participants.
1960 -1961	Dillon Round	The fifth round occurred again in Geneva and lasted from 1960 to 1962. This round of trade talks was named after the Under Secretary of State General of the US, Douglas Dillon, who first proposed the negotiations. Along with tariff reductions of over \$4.9 billion, it also yielded discussion relating to the creation of the European Economic Community (EEC).
1964 -1967	Kennedy Round	The sixth round was the last to take place in Geneva from 1964 until 1967 and was named after the late US President Kennedy in his memory. Concessions were made on \$40 billion worth of tariffs. Sixty-two countries agreed to comprehensive across-the-board tariff reductions rather than product-by-product specification as in previous rounds. Some of the GATT negotiation rules were also more clearly defined.
1973 -1979	Tokyo Round	One hundred and two countries agreed to reduce non-tariff trade barriers and further reduce tariffs on manufactured goods. Also, this round of trade talks established new regulations aimed at controlling the proliferation of non-tariff barriers and voluntary export restrictions.
1986 -1994	The Uruguay Round	The Uruguay Round began in 1986. One hundred and twenty three countries agreed to create the World Trade Organization (WTO) and replace the GATT Treaty. The Round resulted in reduced tariffs on manufactured goods and began extending GATT provisions to agriculture products. It also resulted in reductions in export subsidies, import limits and quotas, an agreement to enforce intellectual property rights (TRIPS), an agreement to open foreign investment, and an agreement extending international trade law to the service sector (GATS).

Table 2. 1: Rounds of GATT Trade Negotiations.

The first five rounds dealt almost exclusively with tariffs. Starting with the Kennedy Round, attention began to shift towards non-tariff trade restrictions and to the problem of trade in agricultural products. The hallmark of the GATT system of rounds has been its multi-country negotiations, conducted within the wider framework of agreed-upon-multilateral rules and disciplines. The continuity of this negotiation process and major-power commitment to GATT rules were at stake during the Uruguay Round.

In some ways, the process the round came to represent became almost as important as the round itself.⁶⁶

When the Uruguay Round was launched in 1986, it was seen as the most far-reaching GATT negotiating effort yet undertaken. One of its main aims was to stem the erosion in the multilateral system by dealing with long-standing issues in agriculture and textiles, as well as the “new” issues of services, investment, and intellectual property, which had never been addressed in a multilateral forum. Initially, the United States focused on services because this was seen as an area of emerging US comparative advantage in which there were no trade rules.⁶⁷ In parallel, the United States simultaneously focused its efforts more on agriculture, with a primary focus on Europe’s Common Agricultural Policy (CAP). The negotiations took place against a background of spreading regional trade arrangements involving the larger powers and the potential threat of unilateral actions by those same powers. The best example of this is section 301 cases in the US.⁶⁸

The clearest illustration of the evolution of the globalised world economy is to be found in the content and the context of the Uruguay Round of Multilateral Trade Negotiations, concluded at the end of 1993 under the aegis of the GATT. The coverage of the Uruguay Round is far greater than that of previous rounds.⁶⁹

Following the Uruguay Round of Multilateral Trade Negotiations (1986-94), the

⁶⁶ Whalley, John and Hamilton, Coleen, *The Trading System After the Uruguay Round*. Washington DC: Institute for International Economics, 1996, p.35.

⁶⁷ *Ibid.*, p.33.

⁶⁸ *Ibid.*, p.34.

⁶⁹ Marshall, Peter, *Positive Diplomacy*, London: MacMillan Press Ltd., 1999, p. 73.

GATT was replaced by the World Trade Organisation. This successor agency has greater competences both to enforce existing trade agreements and to pursue new avenues of liberalisation.⁷⁰ Ministers at Marrakesh were entitled to claim that the establishment of the World Trade Organisation ushers in a new era of global economic co-operation.

The outcome of all major collective decisions in GATT is strongly influenced by a few important countries. Their power to shape the course of decision making in GATT is directly related to the extent of their participation in world trade. Not only that, they were able to impose their will upon the others regarding later decisions to hold tariff negotiations or to grant the United States its unconditional agricultural waiver.⁷¹

It is important to note that the GATT/WTO is a bargaining forum and negotiations in the GATT/WTO can take different forms.⁷² The most obvious in terms of negotiations on market access is the so-called request-offer technique. The so-called request-offer negotiations have been used very frequently and continue to be a core mechanism in trade negotiations conducted at the WTO. With this mechanism, one member asks another to make a specific concession, e.g. reducing a tariff on a certain good or set of goods, limiting expenditure on production subsidies, and removing

⁷⁰ Scholte, Jan Aart, 'Global Trade and Finance', in John Baylis and Steve Smith, eds., *The Globalisation of World Politics: an Introduction to International Relations*, Oxford: Oxford University Press, 1997, p.433.

⁷¹ Curzon, Victoria and Gerard, 'GATT: Traders' Club', in Robert W. Cox and Harold K. Jacobson, eds., *The Anatomy of Influence: Decision Making in International Organisation*. London: Yale University Press, Ltd., 1974, p. 321.

⁷² Drahos, Peter, 'When the Weak Bargain with the Strong: Negotiations in the World Trade Organization', *International Negotiation* 8: 79–109, 2003, p. 81.

barriers to foreign participation in a service market. Then, the other responds with an offer and a request of its own. This quid pro quo bargaining is a central element of the GATT/WTO negotiations. Request-offer negotiations may also be supplemented or instead replaced with formula approaches, which revolve around a specific rule that will be applied to reforming a specific policy area.⁷³ The MFN rule ensures that all concessions that are eventually agreed are extended to all other Members.

Principles of the GATT and WTO

The General Agreement contained a lengthy and complex framework for the mutual reduction in tariffs between the contracting parties and a code of conduct regulating governmental interference in international trade. However, a number of fundamental principles underpin the foundation of the multilateral trading system. These basic underlying principles are outlined below:

- *The principle of non-discrimination* is operated in two forms. Firstly, the most-favoured-nation treatment (MFN) principle outlined in Article I of the GATT1947 requires each member country or contracting party to treat trade with all other member countries equally; that is, any advantage given to one member must be given immediately and unconditionally to all other GATT members. The second form is through the “national treatment” principle – set out in Article III of GATT1947 - which means giving others the same treatment as one’s own nationals. National treatment or treating foreign and locally-produced goods equally only applies after the imported goods have

⁷³ Hoekman, Bernard M., and Mavroidis, Petros C., *The World Trade Organisation: Law, economics, and politics*. London: Routledge, 2007, p. 23-25.

entered the market. Therefore, charging customs duty on an import is not a violation of national treatment, even if local products are not charged an equivalent tax.⁷⁴

- *Open markets* or freer trade (gradually through negotiation) is another important fundamental principle underlying the trade practice in the GATT. Lowering trade barriers is one of the most obvious means of encouraging free trade. The barriers concerned include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively.
- *Predictability through binding and transparency* promises a clearer view of international trade for businesses and investors, creating a more stable and predictable environment for businesses as well. When countries agree to open their markets, they ‘bind’ their commitments. However, a country can change its binding, but only after negotiating with its trading partners. More often than not, this could mean compensation to the trading partners for loss of trade.⁷⁵ Also with tariff rates and market-opening commitments bound, foreign companies, investors and governments are assured that trade barriers - both tariffs and non-tariff barriers – should not be raised arbitrarily. In fact, under the umbrella of the WTO, governments are now required to make trade rules as clear and public (transparent) as possible by disclosing the policies and practices publicly within the country or by notifying the WTO. The regular

⁷⁴ http://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm - ‘LEGAL TEXTS: GATT 1947 The General Agreement on Tariffs and Trade’ (GATT 1947) (Article I — XVII). Accessed March 2006.

⁷⁵ http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm#seetable - ‘Understanding the WTO: Basics (Principles of the trading system)’. Accessed March 2006.

surveillance of national trade policies through the Trade Policy Review Mechanism provides a further means to encourage transparency in domestic and at multilateral levels.

- *Reciprocity* reflects a desire to limit the scope of free-riding that may arise because of the MFN rule, as well as a desire to obtain better access to foreign markets. The rationale behind this principle is that for a nation to negotiate, it is necessary that the gain from doing so must be greater than the gain derived from unilateral liberalisation. Reciprocal concession is an assurance that such gains will materialise.

Bargaining VS Bargaining Power VS Bargaining Strategies

Before proceeding further, one must fully appreciate the differentiation between the three terms: bargaining, bargaining power and bargaining strategies. As the words suggest, these three terms are closely interconnected.

Bargaining

Bargaining is an essential aspect of politics in general and international politics in particular. Apparently, bargaining is much more prevalent in world politics than any other alternative interaction modes such as fighting or voting.⁷⁶ Bargaining is often described as one identifiable mode of joint decision-making, to be distinguished from coalition. In bargaining, the parties are left to themselves to combine their conflicting

⁷⁶ Schneider, Gerald, 'Capacity and Concessions: Bargaining Power in Multilateral Negotiations' in *Millennium: Journal of International Studies*, 2005, Vol.33, No.3, p. 665-689, p. 666.

points of view into a single decision.⁷⁷ Another thing to consider is a bargaining situation. A bargaining situation is characterised by the coincidence of cooperative and conflicting elements, as well as interdependent decisions.⁷⁸

Although there is a need to clarify the distinction between bargaining and negotiation, the terms are used interchangeably in this thesis. Negotiation is arguably the most important function of the diplomatic machine. The term negotiation is usually reserved for explicit bargaining. Negotiation then refers to a formalised process in which a fair amount of verbal signals, as well as non-verbal ones, are involved and exchanged.⁷⁹ This covers a variety of activities ranging from simple consultation – known as an ‘exchange of views’ – to detailed negotiation on any specific issue. In general, formal negotiations are characterised by direct, face-to-face, verbal communication; whereas, informal bargaining proceeds through indirect verbal and behavioural communication.⁸⁰ Therefore, international negotiation is treated as a subclass of bargaining.

Briefly, negotiation and bargaining refer to a sequence of actions in which two or more parties address demands and proposals to each other for the ostensible purposes of reaching an agreement and changing the behaviour of at least one actor.

Concretely, the process of international economic negotiation refers to what happens

⁷⁷ Zartman, 1978: 69-70 quoted in Jönsson, Christer, *Communication in International Bargaining*. London: Pinter Publishers Ltd, 1990, pp.2-3.

⁷⁸ Jönsson, Christer, *Communication in International Bargaining*. London: Pinter Publishers Ltd, 1990, pp.2-3.

⁷⁹ *Ibid.*, pp.2-3.

⁸⁰ *Ibid.*, pp.2-3.

when trade ministers and diplomats as a group, joined sometimes by others, do business with one another.

To begin with, two elements must normally be present for negotiation to take place: there must be both common interests and issues of conflict.⁸¹ Without common interest there is nothing to negotiate for, without conflict nothing to negotiate about. When parties are interested in an exchange, they want different things and cannot obtain them by themselves, but can only grant them to each other.

The prevalence of bargaining in social life can be applied to relations between sovereign states which do not recognise any authority above and beyond themselves. Nor do they consider themselves bound by decisions to which they have not consented.⁸² The ability to persuade other governments is central to the art of diplomacy.⁸³

Bargaining Power

The concept of bargaining power varies according to the context in which it is applied. For instance, bargaining power in industrial relations is conceptualised in terms of results. The result will be counted as a success when one group is able to obtain compliance with its wishes, regardless of the opposition of the other or others. However, many theorists of international relations view the concept of bargaining

⁸¹ Iklé, Fred Charles, *How Nations Negotiate*. London: Harper & Row Publishers, 1987, p. 2.

⁸² Jönsson, Christer, *Communication in International Bargaining*. London: Pinter Publishers Ltd, 1990, pp.2-3.

⁸³ White, Brian, 'Diplomacy', in John Baylis and Steve Smith, eds., *The Globalisation of World Politics: An Introduction to International Relations*, Oxford: Oxford University Press, 1997, p.258.

power in structural terms. Bargaining power is seen as the ability to bring the opposing party to the negotiating table and exchange concessions, which are the least unacceptable to both parties. This concept is generally associated with strategic realism, which is exemplified by the thought of Thomas Schelling. The definition of power by Thomas Schelling, while formally referring to the arena of military strategy, is applicable to most issue areas. For Schelling, diplomacy is seen as a form of bargaining and the power to hurt is thus bargaining power. Bargaining power derives from a threat of violence, rather than an actual use of violence. It is assumed that each party in any given negotiation has unequal bargaining weight, in other words, 'bargaining power'. Without doubt, deficiency of bargaining power inevitably affects the negotiating position of developing countries in most international deals. In order to level or to increase bargaining power in the negotiation, each deploys some kind of strategies and tactics. Hence, those strategies are called bargaining strategies. On the other hand, bargaining strategies are a way or means used to enhance bargaining power.

Bargaining power in the context of a trade negotiation comes from various sources. First and foremost, bargaining power comes from a state's share of market power. When a state controls a large domestic market to which other countries want access or upon which other countries are already dependent in terms of trade, the state then acquires a powerful tool and bargaining power in a trade negotiation. This is because it is in a position to make credible threats. This capacity to make credible threats is a critical negotiating tool in a trade negotiation. The best instance of this claim lies in the case of the US Generalized System of Preferences (GSP) during the Uruguay Round. A number of developing countries had the benefit of duty-free trading

privileges in the United States via the GSP under the 1974 Trade Act. However, the United States amended its 1974 Trade Act, in 1984, by linking the grant of these privileges to the adoption and enforcement of adequate intellectual property standards.⁸⁴ During the course of the Uruguay Round, the US used the suspension of GSP privileges as a threat to a number of developing countries if they failed to enact adequate standards of intellectual property protection. Another source of bargaining power in trade negotiations is, in Drahos' terms, 'a state's commercial intelligence networks'.⁸⁵ According to Drahos, these commercial intelligence networks are the networks that 'gather, distribute and analyse information relating to a state's trade, economic and business performance as well as similar information about other states'.⁸⁶ These networks include a wide range of actors ranging from the state's trade bureaucracy to business organisations, individual corporations, and policy think tanks. Drahos argues that the more integrated the network is in terms of information sharing and analysis, the more effective the particular country is likely to be in a trade negotiation. This 'commercial intelligence network' underpins the capacity of a negotiator to enter into an informed and persuasive dialogue with the other party.⁸⁷ Finally, the last source of bargaining power in trade negotiations is a state's domestic institutions. It has been commonly accepted that internal decision-making rules and rules on negotiating authority may sometimes affect the degree of bargaining power a state possesses, as well as the fact that institutional factors may also influence the

⁸⁴ Interview, Kirkkrai Jeerapat, September 2005, and เกริกไกร จีระแพทย์, การเจรจาการค้าระหว่างประเทศของไทย. กรุงเทพมหานคร. บริษัท คู่แข่ง จำกัด, ปี 2539. [Jeerapat, Kirkkrai, *International Trade Negotiations and Thailand*. Bangkok: Ku Kang, 1996.]

⁸⁵ Drahos, Peter, 'When the Weak Bargain with the Strong: Negotiations in the World Trade Organization', *International Negotiation* 8: 79–109, 2003, pp. 82–85.

⁸⁶ *Ibid.*, p. 82.

⁸⁷ *Ibid.*, p. 82.

degree to which other sources of bargaining power can be utilised. From this analysis of bargaining power, it is not difficult to understand why the United States and the European Union have strong bargaining powers and why developing countries have comparatively weak bargaining powers in a multilateral forum like the WTO.

Indeed, the issue of bargaining power matters. It is generally assumed that, when two or more parties/countries voluntarily agree to an economic deal, economic theory would characterise the deal as a Pareto improvement because of its underlying economic efficiency. Usually, the voluntary nature of the deal is taken to be a reliable guide to the personal valuations of utility that underpin the idea of Pareto optimality.⁸⁸ However, when bargaining power is unequal or so imbalanced as to cast the shadow of domination, it becomes much more difficult to claim that the bargain struck is in fact a Pareto improvement.

Theory strives to give a general understanding of how an international negotiation functions. It may also have implications with regard to how parties should perform and interact in order to make negotiation effective. General theoretical propositions about negotiation should, in principle, be valid regardless of who negotiates with whom and about what. However, in reality, a particular issue on the table may even have an impact on the negotiation process itself. In fact, there are indications that there may be an association between process characteristics and certain issue areas.⁸⁹

⁸⁸ *Ibid.*, p. 85.

⁸⁹ Sjøstedt, Gunnar, ed., *International Environmental Negotiation*. London: Sage Publications, 1993, p. 363.

There is no single approach to negotiation and there are a number of analytical approaches to negotiation and bargaining. Influenced by the tradition of economics, some scholars of negotiation view it in terms of a “game” with its own set of “players and rules.” A deductive method of analysis is usually employed, with a strong emphasis on bargaining strategies utilised by rational individuals. In contrast to game theorists, authors of these practical guides favour the inductive method, and a wide array of case studies inform their analyses. A third socio-psychological approach focuses on the character of the individual negotiator and the impact of their personalities, worldviews, and philosophies on the conduct of negotiations.⁹⁰

Most bargaining models have a common game-theoretical heritage; in particular, game theory has contributed to a better understanding of bargaining situations and their possible solutions. This group highlights the importance of interests – collective or aggregated.

According to Odell, ‘rational Choice in its most influential variant assumes the actor has coherent and stable preferences; that he has a fixed set of alternative courses of action and stable preferences; that he has a fixed set of alternative courses of action; that he knows the probability distribution of outcomes for each alternative; and that he chooses the one he expects to maximise his utility subject to constraints.’ This agent suffers from no limits on his capacity to make complex calculations.⁹¹

⁹⁰ Williams, Abiodun, *Many Voices: Multilateral Negotiations in the World Arena*. Oxford: Westview Press, 1992, pp.2-3.

⁹¹ Odell, John S., *Negotiating the World Economy*. London: Cornell University Press, 2000, p. 18.

Scholars describe rational choice or rationality as a sequence of decision-making activities involving the following intellectual steps: problem recognition and definition – where the search for the information must be exhaustive; goal selection; identification of alternatives; and, finally, choice of a strategy.⁹² Goal selection requires the identification and ranking of all values such as security, democracy, and economic well-being. It also requires the compilation of an exhaustive list of all available policy options and an estimate of the costs associated with each alternative. Finally, rationality requires selecting the single alternative with the best chance of achieving the desired goal(s). For this purpose, negotiators must conduct a rigorous means-end, cost-benefit analysis guided by an accurate prediction of the probable success of each option.⁹³

Thomas Schelling is a prominent representative of this approach. The manipulative conception is based on the assumption of uncertainty rather than complete information on the part of the bargaining actors, as in game theory. Change in a bargaining process is the result of successful manipulation of the opponent's calculation of utilities and probabilities. Schelling focuses centrally on foreign policy decision-making.⁹⁴ When state diplomats confront basic diplomatic, military, or even economic issues, they are obliged to think strategically if they hope to be successful. He views diplomacy and foreign policy as a rational-instrumental activity that can be more deeply understood by the application of a form of logical analysis of 'game

⁹² Kegley, Charles W., Jr., and Witkopf, Eugene R., *World Politics: Trend and Transformation*. London: Macmillan Press Ltd, 2001, p. 66.

⁹³ *Ibid.*, p. 67.

⁹⁴ Schelling, Thomas C., *Choice and Consequences*. Cambridge, Mass: Harvard University Press, 1984.

theory'. A central concept that Schelling employs is that of a 'threat' and how a statesperson can deal rationally with that threat. For him, the activity of foreign policy is technically instrumental and thus free from moral choice. According to Schelling, 'diplomacy is bargaining: it seeks outcomes that, though not ideal for either part, are better for both than some of the alternatives.'⁹⁵ The decision-making processes of unitary actors that determine national interests are typically described as rational. Rational choice is not overly concerned about what is good or what is right. It is primarily concerned with the question: what is required for our policy to be successful. In brief, he seeks to provide analytical tools for strategic thought.⁹⁶

To emphasise, outcomes mostly depend on how the game is structured and what the rules of the game are, the information available to the players, and the way that players form expectations about the actions of other players. There are two types of games: cooperative and non-cooperative.⁹⁷

However, when it comes to the study of bargaining processes, game theory has certain shortcomings as an analytical tool. It is essentially static in nature; it tends to homogenise actors; and it envisages unitary and perfectly rational actors.⁹⁸ In fact, bounded rationality is more typical in real-world negotiations. Bounded rationality is the concept whereby decision makers' capacity to choose the best option is often

⁹⁵ *Ibid.*

⁹⁶ Jackson, Robert, and Sorensen, Georg, *Introduction to International Relations*. Oxford: Oxford University Press, 1999, pp. 81.

⁹⁷ Hoekman, Bernard M., and Kostecki, Michel M., *The Political Economy of the World Trading System*. 2nd ed. Oxford: Oxford University Press, 2001, p. 108.

⁹⁸ Jönsson, Christer, *Communication in International Bargaining*. London: Pinter Publishers Ltd, 1990, pp.2-3.

constrained by many human and organisational obstacles.⁹⁹ Also, available information is often insufficient to recognise emergent problems accurately, resulting in decisions made on the basis of incomplete information. Moreover, it is even more complicated to guarantee that the available information is all accurate.¹⁰⁰

Compounding the problem is the negotiators' susceptibility to cognitive dissonance – they are psychologically prone to block out negative, or dissonant, information and perceptions about their preferred choice and to look instead for information that justifies that choice.¹⁰¹ In addition, it is difficult to determine what goals best serve national-interests. Decision makers' inability to rapidly gather and digest large quantities of information constrains their capacity to make informed choices.

Decision-makers rarely make value-maximising choices; instead of selecting the option with the best chances of success, they typically end their evaluation as soon as an alternative appears that seems superior to those already considered.¹⁰²

The assumption that states are unitary actors partially explains the discrepancy between the theory and practice of rational decision making. Most leaders must meet the often incompatible demands of domestic politics and external diplomacy, and it is seldom possible to make policy decisions that respond rationally to both sets of goals.

⁹⁹ Kegley, Charles W., Jr., and Witkopf, Eugene R., *World Politics: Trend and Transformation*. London: Macmillan Press Ltd, 2001, p. 69.

¹⁰⁰ *Ibid.*, p. 69.

¹⁰¹ *Ibid.*, p. 69.

¹⁰² *Ibid.*, p. 69.

Bargaining Tactics and Bargaining Strategies

In practical terms, bargaining is about resolving conflict through compromise. The negotiator's behaviour is described as his/her strategy, a set of behaviours that are observable in principle and connected to a plan to achieve the set out objective through bargaining.¹⁰³ Tactics are particular actions that make up strategy. The number of ways in which that compromise can be reached is infinite, but broadly they fall into two groups.¹⁰⁴

Negotiation analysts classify tactics across the two ends of a continuum. At one end lies the strict distributive strategy, also known as the value-claiming strategy. It comprises a set of tactics that are functional only for claiming value from others and defending against such claiming, when one party's goals are partly in conflict with those of others. Examples of strict distributive strategies include: high opening demands, refusing all concessions, exaggerating one's minimum needs and priorities, manipulating information to others' disadvantage, taking others' issues hostage, worsening their BATNA (best alternative to a negotiated agreement), issuing threats and imposing penalties.¹⁰⁵

¹⁰³ Odell, John S., *Negotiating the World Economy*. London: Cornell University Press, 2000, p. 31.

¹⁰⁴ See, for example, Atkinson (1975), Pruitt (2002), and Sebenius (2002).

¹⁰⁵ Narlikar, Amrita, and Hurrell, Andrew, 'A New Politics of Confrontation?: Developing Countries at Cancun and Beyond'. Conference paper, European Research Institute, University of Birmingham, November 2005, p.20.

Distributive

In the first group of tactics, the parties anticipate the outcome in terms of relative success or failure and so each negotiates to get the best possible settlement. In this 'I win-you lose' situation, negotiators pursue their goals by trying to persuade the other party to concede.¹⁰⁶ This strategy/tactic is sometimes called contending, competition, distributive bargaining, or claiming value.¹⁰⁷ Primarily, at some points in the bargaining process, this distributive aspect increases value claimed by one party, which at the same time implies less for others.

Integrative

In the second group, the parties anticipate that the settlement will be one which can be of mutual benefit, and negotiate to reach it using problem solving techniques. This is called 'integrative bargaining', as well as problem solving, collaboration and creating value. And its total contrast to distributive bargaining is indicated by its outcome, even though in most negotiations, the potential value of joint action is not fully obvious at the outset. It represents the best settlement possible for both parties, as opposed to the one which suits the party which happens to be in the stronger bargaining position.¹⁰⁸

¹⁰⁶ Atkinson, G.G.M, *The Effective Negotiator: A practical guide to the strategies and tactics of conflict bargaining*. London: Quest, 1975.

¹⁰⁷ Pruitt, Dean G. 'Strategy in Negotiation,' in Victor A. Kremenjuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, p. 85.

¹⁰⁸ Atkinson, G.G.M, *The Effective Negotiator: A practical guide to the strategies and tactics of conflict bargaining*. London: Quest, 1975.

The two tactics must be implemented by means of both covert and overt tactics. Such distributive tactics include shaping perceptions of alternatives to agreement, making commitments, influencing aspirations, taking strong positions, manipulating patterns of concessions, linking issues and interests for leverage, misleading other parties and exploiting cultural and other expectations. By means of these tactics, one party seeks advantage by influencing another's perceptions of the zone of possible agreement.

Contrary to the tactics used in the first strategy, the most effective problem-solving tactics involve a joint effort to work together, exchange information, sharpen and reframe the issues to reflect both parties' needs and priorities. In short, negotiated agreements may improve on the alternatives by cultivating shared interests, exploiting scale economies, and dovetailing differences. However, joint problem solving is often hard to achieve because of the hostile and distrustful nature of the negotiating environment.

However, in practice, many bargaining situations cover a variety of issues. And in such 'mixed' situations, a combination of strategies and tactics of distributive and integrative bargaining will probably have to be used to maximise the bargaining position. This often poses a dilemma for the negotiator, as he or she has to assess the impact of these strategies and tactics to manipulate the outcome of the negotiation and decide the best tactics to employ. It is often necessary to employ both distributive and integrative strategies in the same negotiation. According to Odell, a mixed strategy is usually required and is the best option.

Strategies in Negotiation

Using the method of the inductive case study, Odell gives a useful starting point for understanding multilateral trade negotiations, even though his theory is derived from case studies of two-party negotiations. Unlike the game-theorist perspective, he departs from the notion of unbounded rationality. Taking the conception of bounded rationality as a basic starting point permits the premise that the international negotiator will lack theoretically complete information about the situation in general and the negotiation in particular. In addition, effective preferences can be influenced by such things as the way issues are framed, which also can change as a result of the process of negotiation. Furthermore, he also provides a useful account of what strategies work and under what circumstances and why.

However, the categorisation of bargaining strategies/tactics above is rather a definition for classifying and describing bargaining behaviour. In reality, trade negotiators see bargaining strategies in a more practical light. Examined below are the most popular bargaining strategies used in international trade negotiations, namely agenda-setting and coalition-building.

Agenda-setting

In general, the term agenda-setting used in negotiation literature only indicates the agenda of a negotiation at the beginning of any negotiation – in the diagnostic phase setting stage of negotiations. Contrary to a commonplace misunderstanding, agenda-setting takes place throughout a negotiation. According to Singh, agenda-setting is ‘a process variable to inclusion or exclusion of issues being negotiated’ which is not

restricted to when a negotiation begins.¹⁰⁹ However, Singh's focus on agenda-setting does give a more accurate reflection of the agenda-setting process in any given negotiation. To Singh, agenda-setting refers to big issues included in any trade round in the macro sense; whereas agenda-setting in the micro sense refers to issues included or excluded during meetings as the round progresses and as negotiating parties work toward formulas and frameworks.¹¹⁰ Agenda-setting takes place also during the formula[tion] phase defining zones, within which an agreement may be reached, as well as the detail stage in which concessions are made and traded because each negotiation meeting's agenda may define their shape and scope, even when a formula is already in place and concessions are being traded.

Negotiation process or phases of negotiation may be identified for analytical purposes. For example, Zartman has classified negotiation into three phases: (1) the diagnostic phase setting the stage of negotiations, (2) the formula phase defining zone within which an agreement may be reached, and (3) the details phase in which concessions are traded. However, as mentioned previously, this study has roughly classified negotiating phases into four stages: (1) catalyst, (2) pre-negotiation, (3) negotiation, and (4) post-negotiation/ implementation.¹¹¹

Agenda-setting includes sets of practices deployed to include, exclude or keep the focus on issues. Particularly, three practices – use of popular or attractive frames,

¹⁰⁹ Singh, J.P.P., 'the evolution of national interests: new issues and North-South negotiations during the Uruguay Round,' in Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 46.

¹¹⁰ *Ibid.*, p. 46.

¹¹¹ Zartman, William I. and Berman, Maureen R., *The Practical Negotiator*. London: Yale University Press, 1982.

degrees of technical and institutional capacity/expertise, frequency of participation in meetings – were valuable for developing countries to influence agenda-setting during the Uruguay Round.¹¹²

Unilateral Threats VS the Role of Coalitions

Unilateral threats refers to the ability to use domestic policy means to constrain the other party's choices of action during a given negotiation.¹¹³ In general, unilateral sanctions or measures are designed to induce pressures to coerce responses from the other parties. However, this bargaining instrument is normally confined to major trade players. The United States' section 301 and refusal to renew privileges such as the Generalised System of Preference for developing countries are especially a case in point.

Coalition is a set of governments that defend a common position in a negotiation by explicit coordination. This category does not include a set of states that happen to act in parallel without explicit coordination, or a set of delegations that exchange information and meet to seek compromises, but do not defend a common position. A trade coalition may be defined according to a common product interest or a common ideology. Some trade coalitions are relatively informal and short-lived, while others last longer with a title and a regular meeting schedule. A coalition operating at a given stage is a product of the negotiation process from an earlier stage, rather than a

¹¹² Singh, J.P.P., 'the evolution of national interests: new issues and North-South negotiations during the Uruguay Round,' in Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 46.

¹¹³ *Ibid.*, p. 46.

structure exogenous to this process. Thus, for a given state, a sophisticated negotiation strategy will often include tactics for building coalitions, for splitting rival coalitions, and for defending against efforts by outsiders to break one's own.¹¹⁴

Coalitions that include important players such as major developing or developed countries are likely to gain more for developing countries than those that do not.¹¹⁵

A distinguishing feature of multilateral negotiations is the frequent formation of blocs, groups, or coalitions among the various participants, which later may become permanent or institutionalised. Before and during negotiations, groups sometimes form spontaneously to deal with particular problems or in response to a crisis.

Many of these blocs are deliberate creations of their members on the basis of shared characteristics or common interests. There are regional alliances, whose organising principle is geography.¹¹⁶

They exchange information on all or part of the agenda, either in advance or during the negotiations. At times, they develop common general positions on key agenda items, developing unified positions on an agenda; however, coalitions are a mixed blessing. They can make the negotiating environment less complex and enhance the efficient conduct of negotiations, but there is always the possibility of a breakdown of talks as blocs may become rigid and inflexible, turning into stumbling blocks for

¹¹⁴ Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 13.

¹¹⁵ *Ibid.*, p. 13.

¹¹⁶ Williams, Abiodun, *Many Voices: Multilateral Negotiations in the World Arena*. Oxford: Westview Press, 1992, p. 5.

success.¹¹⁷ A problem of equivalent importance, which was certainly evident in the Cairns Group, is internal divisions which may prevent the group from formulating an effective common position that offers a basis for participation in the negotiation.

Coalitions may be classified into two types: bloc-type coalition and issue-based alliances. The two may be seen as representing the opposite ends of a spectrum. There are two key differences between the bloc-type coalitions and issue-based alliances.

¹¹⁸ Firstly, the former come together against a backdrop of ideational and identity-related factors, whereas the latter are formed for instrumental bargaining reasons. Secondly, the bloc-type coalitions combine like-minded countries and try to adopt collective positions across issue areas. In contrast, issue-based coalitions are directed towards specific threats and dissipate after the particular issue has been addressed.

The Doha Round and Cancun ministerial have seen recent prominent bloc-type coalitions. Rather than attempt to restrict themselves to a single issue, these blocs evolve common positions in different issue areas. They differ significantly from the old bloc-type, as they tend to have detailed positive proposals as opposed to simply an agenda of resistance and blocking.¹¹⁹ Akin to the issue-based alliances, they stress the importance of research in facilitating negotiations in the area under discussion. These so-called “smart” coalitions thus combine elements of both issue-based alliances and bloc-type coalitions. Similar to their issue-based predecessors, they may focus on one central issue, even while addressing broader issues. By incorporating

¹¹⁷ *Ibid.*, p. 5.

¹¹⁸ Narlikar, Amrita, *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*. London: Routledge, 2003, *Introduction*.

¹¹⁹ *Ibid.*, p. 201.

elements of the old bloc-style diplomacy, they are able to acquire more longevity than the short-term issue-based alliance. These coalitions have also adopted some of the research-oriented strategies of the issue-based coalitions.

Strategies choice (determinant factors)

The ultimate aim of negotiation analysis is to predict, explain, or find ways of influencing the outcome. Then, the understanding of what determines the negotiating strategy becomes crucial.

The factors that shape bargaining or negotiating positions can be categorised at three basic levels. At the global level are those structural features of the international system such as the extent of trade interdependence. At the state level are internal or domestic influences such as the type of government or the opinion of its citizens. At the individual level are the characteristics of the negotiator – his or her personal beliefs, values, and personality. All three levels of influence simultaneously affect decisions, but their relative weight usually depends on the issues and circumstances at the time of decision.¹²⁰

This section examines the conditions and factors that encourage negotiators to adopt one or another of the negotiation strategies earlier discussed. These factors explain the rationale behind the choice of strategies chosen and are placed in the context of negotiation and the negotiators' beliefs.

¹²⁰ Kegley, Charles W., Jr., and Witkopf, Eugene R., *World Politics: Trend and Transformation*. London: Macmillan Press Ltd, 2001, p. 56.

Context

Negotiation is a process by which contending parties come to an agreement, but that process neither occurs nor can be analysed merely on its own terms. No international negotiation is ever context-free. International negotiation is subject to many influences. The term 'context' denotes the broad structural context within which negotiation occurs. This refers to matters that range from the role and function of constituencies to norms of diplomacy. In the domain of international relations, it can be argued that in order to understand the factors that contribute to effective negotiation, one must take into account both the actor and the context.

The contexts of any negotiation are diverse and can range from the history of the conflict and parties, the particular issues that form the basis for the current or anticipated round of negotiations, to the decision-making processes at work. The negotiators have never been isolated from the environmental context of negotiations. Political and military events, labour-management disputes, and contract disputes are just some examples of the context of negotiations. The situational factors that are specific to the particular negotiation in question encompass everything from the nature of the negotiation problem to the relationship between two or more negotiators.

For example, the context of the negotiation involves the surrounding conditions that monetary and trade diplomats normally inherit and cannot influence much in the short run – cultures, international security conditions, international institutions, or domestic political institutions.¹²¹

¹²¹ Odell, John S., *Negotiating the World Economy*. London: Cornell University Press, 2000, p. 31.

Although the notion of a state remains a realistic simplifying assumption and a useful unit of analysis in international politics, it would be a mistake to view the parties in international negotiations as if they were unitary decision-makers. Domestic politics, bureaucratic idiosyncrasies and personal motivations all influence their objectives and negotiating tactics. It is important to point out that only a number of staff members are appointed as the negotiators and delegations; and thus this group of individuals may have more influence on the objectives and negotiating tactics than any other bureaucrats. Yet, it is also important to note that governments are complex organisations, staffed by officials who compete and disagree and who must in fact negotiate among themselves to formulate the national interest in any conflict with external opponents.¹²²

Domestic Theories of International Bargaining

There exists a well-developed body of writing on the domestic context and international bargaining. Within this body of literature, it is believed that international negotiations are often not effectively consummated because of poorly conceived sets of internal negotiations and a lack of coordination between internal and external negotiations. A classic case is trade negotiations. The international trade negotiations are depicted as a two-level game, where domestic bargaining affects the positions that states adopt internationally. The reverse is also true, that is the international level has often been put to effective use to curtail the pressure of domestic lobbies at home.¹²³

Domestic forces may desire to influence international negotiations for either of two

¹²² Iklé, Fred Charles, *How Nations Negotiate*. London: Harper & Row Publishers, 1987, p. 122.

¹²³ Evans, Peter B., Jacobson, Harold K., and Putnam, Robert D., *Double-Edged Diplomacy: International Bargaining and Domestic Politics*. London: University of California Press, 1993, introduction.

reasons: a concern about foreign policy, or private interests. Domestic groups that are concerned about foreign policy hold their own views regarding the national welfare or regarding international issues and have their own convictions as to how principles like freedom and justice ought to be pursued in practice. Then, there are the private-interest groups whose members are concerned with the effects of an agreement on their personal welfare, as distinct from holding a certain view of the national interest. Tariff negotiations and commercial agreements make characteristic battlegrounds for such private interests.¹²⁴ For instance, liberalising trade between two countries may benefit each, but within each country there may be a few large losers (for example, farmers, industrial workers) and a multitude of small winners. The trick internally is to get the winners to compensate the losers so that the losers no longer become a blocking coalition.¹²⁵ That said, governments often feel handicapped in the pursuit of national objectives if domestic interest groups become involved in their negotiations. This is evident in the case of the United States, where governments are faced with many motivated lobby groups. Citizens in favour of a “hard position” will criticise any concessions to the opponent; those who want an agreement will criticise the government’s “inflexibility.”¹²⁶

There is a plethora of writing on domestic politics and international bargaining. Another economic model, proposed by Ronald Rogowski, uses the Heckscher-Ohlin model to offer a compelling account of how trade affects political cleavages within

¹²⁴ *Ibid.*, p. 131.

¹²⁵ Raiffa, Howard, ‘Contributions of Applied Systems Analysis to International Negotiation’, in Victor A. Kremenjuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, pp. 5-21.

¹²⁶ Iklé, Fred Charles, *How Nations Negotiate*. London: Harper & Row Publishers, 1987, p. 132.

countries.¹²⁷ According to the Heckscher-Ohlin model, countries export manufactures which make use of the abundant factor, and import goods that are intensive in the scarce factor. Rogowski then extends the Stolper-Samuelson theorem to reason that increasing exposure to trade will increase the political power of locally abundant factors, whereas decreasing exposure to trade will harm these factors. With trade, international economic forces can exert a profound effect on the political coalitions and the politics surrounding trade policy in domestic politics. Coalitions will then form along sectors. For example, owners of abundant factors will favour a free trade agenda, while owners of scarce resource will develop a common stand of protectionism.¹²⁸ Obviously, this bears some relevance to coalition formation among states in the global political economy, since coalitions among states are still the result of resource endowment. Countries that share similar interests as commodity exporters are more likely to form a negotiating coalition, for instance, the Cairns Group in the Uruguay Round, which is examined in greater detail in chapter 5.

To sum up, international negotiators also are embedded in complex two-level political games; and three levels in the case of the EU. While they are doing business with each other on one level, constituents and other officials at home are trying to influence their conduct. Thus, negotiators' perception of their alternatives in any given negotiation is also affected by domestic politics.

Although it is true that domestic theories of international bargaining can explain the coalition formation of developed countries where lobbies have traditionally played a

¹²⁷ Rogowski, Ronald, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*. Princeton: Princeton University press, 1989, pp. 318-326.

¹²⁸ *Ibid.*

much greater role, it is less compelling in explaining the developing countries' situation where lobby groups and partisan pressures are much smaller. Naturally, domestic constituencies can tie the hands of negotiators while also building credibility for a country's proposals. However, domestic lobbies are not the only factor contributing to the choice of negotiating strategy. Negotiation alternatives for any country are also related to the particular alignment of other international actors and their interests. Other countries' objectives and negotiating strategies help shape one's choice of bargaining alternatives. Hence, a sole reliance on domestic politics would have difficulty explaining one country's choice of bargaining strategy and their reaction at the international level. In fact, international bargaining and domestic politics are so interconnected that they should rather be simultaneously analysed as a whole.¹²⁹

The other context for negotiation, which also determines the choice of bargaining strategy, is the issue being negotiated. At the GATT/WTO, the presence of multiple issues and actors offers more alternatives to international trade negotiators. Also, several issues in a negotiation allow more opportunities for coalition-building and agenda-setting than if the talks are bilateral and focused around one issue.¹³⁰

Moreover, multiple actors allow for more alternatives to form coalitions.

¹²⁹ Gourevitch, Peter, 'The second image reversed: the international sources of domestic politics,' in *International Organisation*, 32(4), Autumn 1978, pp. 881 – 912.

¹³⁰ Singh, J.P.P., 'the evolution of national interests: new issues and North-South negotiations during the Uruguay Round,' in Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 48.

Negotiator beliefs (about feasibility of strategies)/ ideology/ experience

Many negotiation theories have a common game-theoretical heritage. Game theorists, however, regard communication as neither central nor problematic. However, bargaining and negotiation are subclasses of social communication, and if bargaining strategies are significant and they vary across negotiations, a useful theory ought to help explain this variation, and if possible help to anticipate future strategy choices by others. However, game-theoretical concepts fail to explain why one strategy works in one situation, and not in another. One useful thing to know, taken from labour-management relations, will be that the negotiator's belief about how the other side will react has some impact on the choice of strategy and the effectiveness of strategies employed.

The cognitive perspective focuses on the belief systems of the bargaining actors. It redirects attention from the actors' external behaviour to their internal (mental) processes. The cognitive theory believes that each actor comes to the bargaining process with a set of beliefs and expectations about himself or herself, the adversary and the bargaining issues, based on previous experiences. As soon as the exchange begins, each actor is in a position to test and either validate or adjust his or her initial beliefs and expectations. In order to understand the ensuing negotiation process, there is a need to explore the belief systems of the actors.¹³¹ In comparison with the game-theoretical conceptions, the cognitive perspective emphasises the obstacles to change and resistance to change in bargaining. Incompatible beliefs frequently complicate

¹³¹ Jönsson, Christer, *Communication in International Bargaining*. London: Pinter Publishers Ltd, 1990, pp.4-5.

and aggravate international bargaining. Change is seen to occur when the bargaining actors modify 'peripheral' beliefs. 'Central' beliefs are normally considered stable and unaffected by persuasion attempts. As this brief outline indicates, the cognitive perspectives offer alternative explanations of change in international bargaining – modified belief systems from the cognitive perspective.¹³² A cognitive approach entails a different view of the negotiation process from the focus of most rational-choice approaches. In brief, cognitive theory may contribute to a better understanding of the conflicting elements of international negotiations by explaining why negative images of the adversary and perceptions of conflict persist. Therefore, it is indispensable to acknowledge the fact that, like any human beings, officials who play a role in negotiations have their emotions, personal weaknesses, and personal beliefs. For example, in terms of international economic development, levels of national economic development alone do not determine monetary or finance policies. Instead, trade negotiators' perceptions of the opportunities and constraints that their states' economic resources provide may more powerfully influence their bargaining strategy choices.¹³³

Another possibility to explain negotiating behaviour is culture or nationality. To attribute negotiating behaviour to the actor without regard for the cultural and situational context in which that actor functions is no more sensible than explaining everything in situational terms without regard for the individual players. While there are certainly differences in negotiating style that are attributable to culture, much can probably be traced more accurately to an amalgam of culture, situation, personality,

¹³² *Ibid.*, pp. 4-5.

¹³³ Kegley, Charles W., Jr., and Witkopf, Eugene R., *World Politics: Trend and Transformation*. London: Macmillan Press Ltd, 2001, p. 61.

and interaction. However, it should also be clear that the matter of evaluating the negotiating behaviour of actors across the divide of culture and nationality is far from a simple matter. Nonetheless, the international arena is replete with illustrations of negotiation across traditional boundaries of culture and nationality. Thus, one potential way in which a negotiator behaves can be explained in terms of the negotiator's culture. Most generally, the term culture refers to the negotiator's ideology, socialised experience, and shared values with others from a similar background.¹³⁴

Conclusion

To help explain what strategies are more likely to be successful, this chapter examined the IPE literature including works by Odell and Narlikar which deal with bargaining and negotiation. In fact, the game theoretic perspectives also offer valuable insights by using models to explain how developing countries can recognise bargaining problems and how many available strategies are possible, as well as how they identify the best alternative that offer the best chance of achieving the desired goal(s). However, in practice, bounded rationality is more typical. The rational decision-maker, assumed by game theoretic perspectives, is often more an idealised standard than an accurate description of real-world behaviour. Yet, it does allow one to make useful simplifying assumptions; and the game theoretic perspective also offers some explanatory and possibly predictive values. Also, there is increasing work that constructs a game which assumes limited or constrained information. After all, that is one of the bases of a prisoner's dilemma. Moreover, there is increasing work

¹³⁴ Rubin, Jeffrey Z. 'The Actors in Negotiation,' in Victor A. Kremeneyuk, ed., *International Negotiation: Analysis, Approaches, Issues*. 2nd ed. San Francisco: Jossey-Bass, 2002, p. 107.

on repeated games which are more relevant to negotiations, as actions taken in Game 1 can affect the stakes for Game 2.

Odell depicts economic bargaining as neither purely distributive struggle nor win-win accommodation. He develops a theory premised on bounded rationality, setting it apart from the most common form of rational choice, as well as from views that reject rationality. Furthermore, available information is often incomplete and insufficient to make a precise decision. By taking these assumptions as the starting points, Odell also points to another crucial problem for policy-makers, which is their susceptibility to cognitive dissonance.

Chapter 3: Historical background to the case study

The historical background to the Uruguay trade talks is important in understanding the bargaining strategies used by negotiators and trade diplomats at the Uruguay Round because, as mentioned earlier, the context of the negotiation is one of the factors determining bargaining choice. Therefore, the purpose of this chapter is to provide a brief review of the development of the GATT and the separate treatment of agriculture under the GATT rules. It begins with a brief background on the Uruguay Round and goes on to assess the Uruguay Round negotiations on Agriculture.

It is crucial to note that the effectiveness of any strategic bargaining move depends, to a large extent, on the strategies pursued by other countries, including those in alliances and opponents. It is therefore almost imperative to assess the interests and the bargaining strategies employed by other major countries in agricultural negotiations before assessing the effectiveness of the strategies pursued by Thailand. Hence, the chapter later evaluates the roles and interests of the key actors in the negotiations, including developing countries in general.

Historical Background to the Uruguay Round (context for negotiations)

The Uruguay Round, launched at Punta del Este in 1986, was the eighth Round of multilateral trade negotiations (MTNs) convened under the auspices of the GATT (General Agreement on Tariffs and Trade). It has been the most ambitious and most complex of all GATT Rounds. Designed in part to bring two of the sectors which had

been out of the mainstream into greater conformity with the GATT, namely textiles and agriculture, the agenda for the Uruguay Round reflected a mix of the old and the new in trade concerns.¹³⁵ To these two elements of ‘old business’ were added three new negotiating areas. These new issues included trade in services, Trade Related Intellectual Property Rights (TRIPS), and Trade Related Investment Measures (TRIMs). In fact, there were several contributing factors that led to the inclusion of these new issues. Trade in services, in which the US was the leading exporter, had been growing fast, but lay entirely outside the rules of the GATT. Also, the perceived need by industrial countries to see developing countries implement patent and copyright protection led to the inclusion of the protection of intellectual property rights.¹³⁶ Finally, Trade Related Investment Measures (TRIMs) such as export performance and domestic purchase conditions attached to foreign direct investment activities was included because these investment policies of developing countries often place constraints on the activities of American corporations abroad.¹³⁷

The Uruguay Round was initiated because many countries in the world economy recognised that the early 1980s were a turning point for the global economy and that fundamental changes were occurring that would challenge the traditional GATT structure.¹³⁸ The context from which the Uruguay Round emerged was one of rapid

¹³⁵ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 136.

¹³⁶ *Ibid.*, p. 136.

¹³⁷ *Ibid.*, p. 135.

¹³⁸ Winham, Gilbert R., ‘The Uruguay Round and the World Economy’, in Richard

change in the pattern of world trade, together with ferment within the policy structures dealing with trade. As noted earlier, the emphasis on context is crucial, as the rationale for honing in on a specific case is to be able to identify, uncover and unpick specific contextual factors in which the event, person or policy being analysed is embedded.¹³⁹ These changing economic circumstances, such as the slowing of the world economy as well as developments in sectors like agriculture and services, eventually led countries to negotiate the Round. Moreover, apart from a general concern over the world economy, the evidence of increasing trade independence between national economies in the world economy encouraged officials in the United States, as well as in other countries, to pursue the option of a new trade negotiation.¹⁴⁰ With rising trade dependence, national economies would become increasingly externalised and this, in turn, would make them more vulnerable to the actions of other governments. Thus, for most trade officials, negotiating new international trade rules was an effective means to achieve market access and economic security in the external economy.

From the beginning, the Uruguay Round negotiations were expected to be tough because so much was at stake and there was so much work to be done. In addition, the range of issues covered was much more extensive than previous Rounds. This was

Stubbs and Geoffrey R.D. Underhill, eds., *Political Economy and the Changing Global Order*, 2nd ed. Oxford: Oxford University Press, 2000, p. 163.

¹³⁹ Grix, Jonathan, *The Foundation of Research*. Basingstoke: Palgrave, 2004, p.51

¹⁴⁰ Winham, Gilbert R., 'The Uruguay Round and the World Economy', in Richard Stubbs and Geoffrey R.D. Underhill, eds., *Political Economy and the Changing Global Order*, 2nd ed. Oxford: Oxford University Press, 2000, p. 167.

partly a consequence of there being a certain amount of unfinished business carried over from the Tokyo Round.¹⁴¹

Before the Uruguay Round negotiations could begin, countries had to agree on the objectives for the negotiations and decide the way in which the negotiations were to be organised.¹⁴² As it happened, the pre-negotiation process, the so-called catalyst stage, took over a year before the formal negotiations began in September 1986 with the launch of the Round at Punta del Este, Uruguay.

The schedule for the Uruguay Round was as follows: a mid-term review in December 1988; the drafting of framework agreements, followed by further negotiations on the final form of the agreement in autumn 1990. The formal signing of agreements would then take place in Brussels in early December 1990. As it happened, things did not go according to plan. The mid term review turned into a somewhat contentious affair. The 'mid-term' meeting in Montreal culminated in the suspension of the negotiations, with the Cairns Group threatening to walk out of the negotiations unless there was substantial progress in agriculture. The negotiations were resumed in April 1989, when countries agreed to compromise on a wording of the objective of the agricultural talks. Nevertheless, the Brussels meeting collapsed amidst recriminations about where responsibility for failure lay, despite all the attempts to gain

¹⁴¹ Greenaway, David, 'The Uruguay Round: Agenda, Expectations and Outcomes,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.15.

¹⁴² Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 137.

consensus.¹⁴³ It is generally accepted that the ‘final’ negotiations in Brussels in December 1990 collapsed, largely as a result of the impasse on agriculture.¹⁴⁴

Timeline of the Uruguay Round Negotiations

Sep 86	Punta del Este:	Launch of the Round
Dec 88	Montreal:	ministerial mid-term review
Apr 89	Geneva:	mid-term review completed
Dec 90	Brussels:	“closing” ministerial meeting ends in deadlock
Dec 91	Geneva:	first draft of Final Act completed
Nov 92	Washington:	US and EC achieve “Blair House” breakthrough on agriculture
Jul 93	Tokyo:	Quad achieve market access breakthrough at G7 summit
Dec 93	Geneva:	most negotiations end (some market access talks remain)
Apr 94	Marrakesh:	agreements signed
Jan 95	Geneva:	WTO created, agreements take effect

Figure3. 1: Timeline of the Uruguay Round Negotiations.

Source: the WTO.

There are a number of factors which contributed to the failure to reach agreement. Firstly, the fact that so many, both old and new, issues were addressed in the Round made the negotiations extremely complex and complicated.¹⁴⁵ The scale of the undertaking was quite vast and, with hindsight, it was bound to create difficulties.

¹⁴³ Greenaway, David, ‘The Uruguay Round: Agenda, Expectations and Outcomes,’ in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p. 20.

¹⁴⁴ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 138.

¹⁴⁵ Greenaway, David, ‘The Uruguay Round: Agenda, Expectations and Outcomes,’ in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p. 16.

Secondly, there were strong inter-sectoral linkages among many of the issues. In fact, when the Round was launched, it was believed that inter-sectoral linkages would provide the key to a successful Round with deals being cut across groups.¹⁴⁶

However, as it turned out, these inter-sectors linkages actually complicated the negotiations even further. Offers of concessions in one area were held up by any lack of progress on other linked issues. In particular, the notion that agriculture was unique made it virtually impossible to make cross-sectoral linkages or tradeoffs. Also, some of the new issues, e.g. TRIMs and the protection of intellectual property, created unexpected difficulties. These new issues were problematic because there was no real track record of negotiating on them, and because some of them raised constitutional problems e.g. in the matter of intellectual property rights. Another crucial factor that made agreement increasingly difficult to attain was the complexity of cross coalition activity. For example in agriculture, coalitions faced each other on both a North-North basis and a North-South basis.¹⁴⁷ To sum up, all the factors stated made it more difficult to reach a final agreement.

The Agricultural Negotiations

As stated earlier, the Uruguay Round dealt with several highly contested and important issues, including the so-called new issues of TRIPs, TRIMs and services, and agriculture was not the only important issue. Nevertheless, this section places a greater emphasis on the issue of agriculture negotiations. Of all the other equally important issues, agriculture negotiation was chosen as the focus because it is in these

¹⁴⁶ *Ibid.*, pp. 21-23.

¹⁴⁷ *Ibid.*, p. 22.

negotiations that Thailand's mixed bargaining strategy is most obvious at all three levels – international, regional, and domestic.

Although the greatest emphasis is placed on agriculture negotiations, it is crucial that agriculture is considered within the wider context of the Uruguay Round negotiations. The post-1950 period saw substantial growth in agricultural protection and insulation in the advanced industrial economies and its spread to newly industrialising economies. After the Second World War, farmers and agricultural ministries in OECD countries exempted agriculture from key GATT disciplines and recurrent MTNs. The US led the way with its request for a waiver in 1955. With the official creation of the EEC and its Common Agricultural Policy (CAP), European countries also insisted on special treatment for this sector.¹⁴⁸ That tendency accelerated in the 1980s to the point where some protectionist countries went beyond self-sufficiency to generate surpluses, which could only be disposed of by dumping them onto the world market, with the help of export subsidies.¹⁴⁹ During much of the 1980s, agricultural trade had been affected by the accumulation of surplus stocks (especially in the United States and the EC). In an effort to clear stocks, governments resorted to export subsidies, which depressed agricultural prices further.¹⁵⁰

Previous rounds in the GATT had fostered a process of trade liberalisation in industrial products, but had been unable to reduce agricultural trade barriers and

¹⁴⁸ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p. 209.

¹⁴⁹ *Ibid.*, p. 209.

¹⁵⁰ Swinbank, Alan, and Tanner, Carolyn, *Farm Policy and Trade Conflict: The Uruguay Round and CAP Reform*, Michigan: The University of Michigan, 1996, p.1.

distortions. Indeed, very little progress was made on agriculture in the Kennedy and Tokyo Rounds. In both Rounds, the European Economic Community proposed that international commodity agreements be negotiated for products such as cereals, rice, sugar, and dairy. However, the US, in contrast, emphasised the need to expand agricultural trade and to finally end the special status of agriculture in the GATT.¹⁵¹ In spite of its own effort, the attempt to liberalise trade in agriculture in the Kennedy and Tokyo Rounds failed mainly because of an unwillingness to modify the protection of agriculture both in the US and the European Economic Community's CAP.¹⁵²

The significance of the UR agriculture negotiations was that it permitted discussion in a more internationally oriented context of issues, which were generally locked in by entrenched domestic alignments. Prior to the Uruguay Round, the multilateral trading rules for agriculture were largely ineffective, with a plethora of non-tariff barriers providing high and variable rates of protection, both in industrial and in developing countries.¹⁵³ Export subsidies were a particular source of discord. In particular, competitive export subsidies by the European Union and the United States depressed and destabilised world prices. In the previous rounds of MTNs prior to the Uruguay Round, agricultural discussions between the two major players, the US and the EU, were based on two totally different conceptions. The EU favoured the development of

¹⁵¹ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p.213.

¹⁵² Winham, Gilbert R., 'The Uruguay Round and the World Economy', in Richard Stubbs and Geoffrey R.D. Underhill, eds., *Political Economy and the Changing Global Order*, 2nd ed. Oxford: Oxford University Press, 2000, pp. 163-173.

¹⁵³ Martin, Will and Winters L. Alan, 'The Uruguay Round: a milestone for the developing countries,' in Martin, Will and Winters L. Alan, eds, *The Uruguay Round and the Developing Countries*, Cambridge: Cambridge University Press, 1996, p. 2.

a system to manage world trade so as to facilitate the functioning of the CAP.¹⁵⁴ The basic premise of the EU was that the CAP was nonnegotiable, and that the focus of discussions should therefore be on stabilising world agricultural markets instead. The US, in contrast, emphasised the need to expand agricultural trade and to end the special status of agriculture in the GATT. Countries such as Australia and New Zealand supported the idea of significant liberalisation proposed by the US and the idea was much welcomed by most agriculture exporting developing countries, including Thailand, since the loss of developing country export revenue resulting from agricultural protectionism in the US, the EU and Japan had been significant. Therefore, it was clear to everyone that a significant reform of agricultural trade rules and practices was needed for the conduct of agricultural trade negotiations. It also led traditional agricultural-exporting countries to insist that Multilateral Trade Negotiations focus on reducing agricultural protection.¹⁵⁵

The agricultural negotiations largely determined the pace and progress of the Round. The first phase (September 1986 to December 1988) established the objectives of the negotiations and defined their structure. Agricultural negotiations were to be an integral part of the negotiation on goods trade, but conducted in an agricultural committee.¹⁵⁶ For the first time, domestic agricultural policies were to be the subject

¹⁵⁴ Ingersent, K.A., A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.55.

¹⁵⁵ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p.209.

¹⁵⁶ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 140.

of international negotiations, though at that time it was unclear as to whether their level and instrumentality, as well as their trade effects, were on the table.¹⁵⁷

The UR agriculture negotiations were influenced by a number of crucial factors, including a crisis in the global agricultural system. This massive crisis in world agriculture originated from the over production of agricultural products, as a result of the commodity price boom of the early 1970s. Consequently, the 1980s experienced a price slump for agricultural products and international prices for agricultural commodities collapsed. Undoubtedly, this led to substantial increases in farm support, particularly in the US. Export competition, propelled by subsidies, between the EU and the US in world markets was also another consequence of this change in economic conditions. These factors – growing trade disputes between the US and the EU, a recognition within the EU that its interventionist agricultural policy needed to be reformed to control an increasingly unsustainable agricultural budget, and a realisation that the success of the UR depended partly on the EU making agricultural concessions in order to accommodate the needs of its trade partners - led to the realisation among contracting parties that agriculture negotiations were necessary under the GATT auspice.¹⁵⁸

Actually, agricultural issues, above all, were responsible for much of the Round ending seven and a half years later. While all participants displayed a willingness to bring about substantive agricultural and trade policy reform, disagreements over the extent and speed of reduction in trade-distorting domestic and export subsidies and

¹⁵⁷ *Ibid.*, p. 140.

¹⁵⁸ McDonald, Brian, *The World Trading System: the Uruguay Round and Beyond*, London: Macmillan Press Ltd, 1998, p.206.

border protection almost led to the breakdown of the Round.¹⁵⁹ Although producing a multilateral agreement on new trade rules and disciplines had always been difficult, the inability of the EU and the US to reach agreement on the treatment of agricultural trade was the most obvious cause.

The timeline of the Uruguay Round negotiations on agriculture can be divided into three phases.¹⁶⁰ The first phase was an exchange of ideas, including the approach to be taken to improve agricultural trade and the way in which negotiations should proceed. This began right after the launch of the round at Punta Del Este. In July 1987, the United States tabled its dramatic proposal for eliminating all trade-distorting farm programmes over a ten-year period, followed by a proposal from the newly formed Cairns Group. The Cairns Group, fourteen small and medium-sized agricultural exporters, proposed an immediate freeze on price support, followed by a phased reduction, until a new set of rules could be introduced to regulate agricultural trade. However, the EC did not agree. The EC tabled a counter proposal to negotiate reductions in support levels only when some action would be adopted in the short run to shore up world prices.

Generally speaking, the first phase produced more disagreement than agreement, which later culminated in the collapse of the negotiations at a midterm review in Montreal in December 1988, coupled with the fact that the Cairns Group insisted on progress in agriculture before the talks could proceed. Moreover, the EC and the

¹⁵⁹ Ingersent, K.A., A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p. 4.

¹⁶⁰ Josling, Tim 'Agriculture and Natural Resource', in Collins, Susan and Bosworth, Barry, eds., *The New GATT: Implications for the United States*. Washington D.C.: The Brookings Institution, 1994, p.43.

United States could not reach an agreement on the scope and objective of the negotiations, nor on the modalities. In April 1989, the talks resumed only when countries finally agreed to a “midterm” package of measures which specified a freeze in support prices and laid down the timetable for the rest of the negotiations.

The second phase of the negotiations saw a detailed proposal from each major participant, with the intention to arrive at a common document on which all parties could base further negotiations. Significantly, the form of the final agreement began to take shape in this second stage. In contrast to its original paper in 1987, the United States proposed an approach that would focus on rules to guide both domestic policies and trade in agricultural products. The US proposed that non-tariff import barriers should be converted into tariffs; the ban of export subsidies should be implemented and domestic support policies should be categorised into three main groups: prohibited, actionable and non-actionable subsidies. The Cairns Group broadly supported this approach. However, the EC argued for an across-the-board cut in support levels by a similar instrument proposed by the United States in 1987. In June 1990, the chairman of the Negotiating Group on Agriculture, Aart de Zeeuw, attempted to put all the ideas together into one single negotiating paper called the Chairman’s Draft. In it, he presented a blueprint for a substantial and comprehensive draft agreement. Yet, it did not receive enough support to be a basis for negotiations. The EC argued that the position in the Chairman’s Draft followed too closely those proposed by the US/Cairns Group and rejected it. The final negotiations in Brussels in December 1990 later collapsed largely due to the impasse on agriculture. The Cairns Group indicated its unwillingness to settle for a weak compromise on agriculture once again. An agreement on the structure of an agricultural package was not realised until

February 1991. It could only happen after the EC had proposed substantial modifications in its own internal common agricultural policy, allowing a deal to be struck.

Finally, the third phase of the negotiations saw detailed development of an agreement that would apply to all of the participating countries. The details were included in the “Draft Final Act” of December 1991, submitted by Arthur Dunkel, the Director General of the GATT, which has often been called the Dunkel Draft. The Dunkel Draft introduced the timetable for the liberalisation of support and protection. The Dunkel Draft was later modified by the Blair House Accord. The Blair House Accord was reached in November 1992, between the United States and the EC, with some difficulty within the EC. Member states within the EC were split between positions. For France, the Blair House agreement, with its provision for subsidy cuts, was problematic. Hence, France wanted to formally renegotiate the accord. Nonetheless, the United Kingdom and Germany would be displeased if a breakdown in negotiations occurred; whereas France and some smaller countries like Portugal and Ireland supported Commission President Jaques Delors, who claimed that Agricultural Commissioner Ray MacSharry had exceeded his mandate while negotiating with the US.¹⁶¹ Initially, Germany was concerned about how a collapse of the Round would hit its export based manufacturing industries and, hence, opposed France on the renegotiating of the accord. However, Germany later changed its position and supported France in reopening the talks with the US about the accord because it also saw potential benefit for its farmers. With both Germany’s support on the renegotiation of the accord and German pressure on France’s acquiescence in a

¹⁶¹ Preeg, Earnest H. *Traders in a Brave New World: The Uruguay Round and the Future of International Trading System*. Chicago: University of Chicago Press, 1995, pp. 143-145.

GATT treaty, France later changed position, for fear of becoming isolated.¹⁶² This, later, led to fresh negotiations with the US Clinton administration and, hence, the conclusion of Blair House 2, which represented a ‘clarification’ of the initial agreement.

With the Blair House Accord reached, the agricultural talks in the Uruguay Round resumed. The main elements of the Dunkel Draft were the groundwork for the Uruguay Round Agreement on Agriculture. The Agreement on Agriculture that emerged from the Uruguay Round covers four main parts, dealing with market access, domestic support, export competition, and sanitary and phytosanitary measures.

Key actors/parties/interests/strategies

The Uruguay Round of the GATT negotiations, like most important historical events and phenomena, had factors underlying or leading up to it which are of vital importance to understanding and analysis. Often, in international affairs, the objectives sought by nations become enmeshed and are identified with the techniques for attaining those objectives. Thus, it is critical to understand the interests, the objectives, and bargaining strategies of the key players prior to assessing the strategies used by Thailand during the Round.

¹⁶² Webber, Douglas, ‘High midnight in Brussels: an analysis of the September 1993 Council meeting on the GATT Uruguay Round’, in *Journal of European Public Policy* 5:4, December 1998: pp. 578-94.

Leading exporters and importers of agricultural products, 2006

(Billion dollars and percentage)

	Value	Share in world exports/imports				Annual percentage change			
	2006	1980	1990	2000	2006	2000-06	2004	2005	2006
Exporters									
European Union (25)	405.25	-	-	41.5	42.9	10	14	7	9
extra-EU (25) exports	95.31	-	-	10.1	10.1	9	11	8	13
United States	92.66	17.0	14.3	12.9	9.8	4	4	4	12
Canada	44.23	5.0	5.4	6.3	4.7	4	19	3	7
Brazil	39.53	3.4	2.4	2.8	4.2	17	27	14	13
China	32.54	1.5	2.4	3.0	3.4	12	9	19	13
Australia	22.18	3.3	2.9	3.0	2.3	5	35	-4	5
Thailand	21.58	1.2	1.9	2.2	2.3	10	13	4	21
Argentina	21.33	1.9	1.8	2.2	2.3	10	13	12	11
Indonesia	18.32	1.6	1.0	1.4	1.9	15	27	16	30
Russian Federation a	17.06	-	-	1.4	1.8	14	13	20	16
Malaysia	15.57	2.0	1.8	1.5	1.6	12	14	2	16
Mexico	14.69	0.8	0.8	1.6	1.6	8	13	13	17
India a, b	14.41	1.0	0.8	1.2	1.5	14	8	26	34
New Zealand	13.24	1.3	1.4	1.4	1.4	10	24	7	2
Chile	11.49	0.4	0.7	1.2	1.2	10	22	11	14
Above 15	784.09	-	-	83.5	83.0	-	-	-	-
Importers									
European Union (25)	433.66	-	-	42.3	43.3	9	14	6	8
extra-EU (25) imports	123.72	-	-	13.3	12.4	8	13	5	9
United States	103.65	8.7	9.0	11.6	10.3	7	14	9	8
Japan	65.62	9.6	11.5	10.4	6.6	1	12	1	0
China	51.65	2.1	1.8	3.3	5.2	18	39	7	14
Canada d	23.95	1.8	2.0	2.6	2.4	8	8	11	12
Russian Federation a, d	23.38	-	-	1.6	2.3	17	13	23	22
Korea, Republic of	18.58	1.5	2.2	2.2	1.9	6	11	5	11
Mexico d	18.46	1.2	1.2	1.8	1.8	9	11	7	12
Hong Kong, China	11.90	1.2	1.9	2.0	1.2	0	3	-1	7
retained imports	7.79	1.0	1.0	1.1	0.8	3	9	3	7
Taipei, Chinese	9.67	1.1	1.4	1.3	1.0	3	13	5	2
Switzerland	8.85	1.2	1.3	1.0	0.9	8	9	4	7
United Arab Emirates a, c	8.81	0.3	0.4	0.6	0.9	...	31	17	...
Saudi Arabia a	8.56	1.5	0.8	0.9	0.9	7	12	31	-6
Malaysia	8.50	0.5	0.5	0.8	0.8	11	37	3	17
India a, b	7.84	0.5	0.4	0.7	0.8	12	7	7	7
Above 15	798.99	-	-	82.1	79.8	-	-	-	-

a Includes Secretariat estimates.

b Figures refer to fiscal year.

c 2005 instead of 2006

d Imports are valued f.o.b.

Table 3.1: Leading exporters and importers of agricultural products, 2007.

Table 3.1: Leading exporters and importers of agricultural products, 2007.

Source: WTO International Trade Statistics 2007.

Major trading nations interests/objectives/positions/strategies

The level of economic and industrial development a state enjoys affects the foreign policy goals and bargaining strategies it can pursue or utilise. Generally speaking, the more economically developed a state is, the more likely it is to play an activist role in the negotiations. Major trading nations have interests that extend far beyond their borders and typically possess the means to pursue them. Interestingly, states that enjoy industrial and commercial capabilities and extensive involvement in international trade also tend to be somewhat militarily powerful (with the exception of Switzerland). This may in part be because military might is seen as the result of a function of economic capabilities.¹⁶³

US

It is undeniable that the United States has been and remains the single most important actor in the international trade arena, and indeed the central actor in the world political economy. To varying degrees, the US has dominated, along with other powerful trading states, rules setting and a control over the major institutions of economic and political management; although, at present, it is less influential than it was. Yet, one cannot deny the vital role that the United States plays in the politics of international trade. Hence, any analysis of the GATT rounds of trade negotiations must at least seek to understand the role and the interests of the US. In fact, the US plays such an extremely central role in international trade negotiations that most of

¹⁶³ Kegley, Charles W., Jr., and Witkopf, Eugene R., *World Politics: Trend and Transformation*. London: Macmillan Press Ltd, 2001, p. 59.

the Rounds had been led and initiated by it. As a matter of fact, the International Trade Organisation (ITO) never came into being partly because of the incompatibility of the ITO Charter with US agricultural policy at the time.¹⁶⁴ The irony is that the ITO was, in fact, a joint initiative by the US in agreement with the United Kingdom.

The principal instigator of the Uruguay Round was the US. Therefore, it is not surprising that the agenda of the Round largely reflected largely American priorities, including the liberalisation of trade in services, high technology goods, and the protection of intellectual property rights.¹⁶⁵

An intriguing point to make here is that the free trade doctrine has often had special appeal in the United States and has usually dominated its foreign economic policy.¹⁶⁶ The central role of the liberal theory in the evolution of US trade policy is apparent in the economic policy options the US pursues. In accordance with the mentioned liberal principles, the United States has sought to expand global trade along two parallel tracks. To some extent, it has liberalised its own trade policies, despite its extensive use of anti-dumping procedures. At the same time, it has worked to move other nations toward free trade ideology by creating a global economic system that

¹⁶⁴ Swinbank, Alan, and Tanner, Carolyn, *Farm Policy and Trade Conflict: The Uruguay Round and CAP Reform*, Michigan: The University of Michigan, 1996, p.7.

¹⁶⁵ Ingersent, K.A., Rayner A.J., and Hine R.C., 'The EC Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.59.

¹⁶⁶ Kingdom John, *America the Unusual*. 1999, quoted in Moon, Bruce E., 'Ideas and Policies,' in Brian Hocking and Steven McGuire (eds.), *Trade Politics: International, Domestic and Regional Perspectives*. London: Routledge, 1999, p. 43.

facilitates that choice.¹⁶⁷ Apart from its unilateral and multilateral trade initiatives, the United States was also a leading force in shaping the Bretton Woods institutions after World War II. Two of the three organisations, the International Monetary Fund (IMF) and the Bank for Reconstruction and Development (or the World Bank), came into being. The exception was the third – the International Trade Organisation (ITO). Efforts to establish the ITO were abandoned only when the US Truman administration announced in December 1948 that it would not submit the ITO Charter to Congress for ratification.¹⁶⁸ In addition, it played the greatest role in extending the liberalisation process through the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), to create and enhance a liberalised trade regime. In recent years, however, the United States has adhered to unilateral and bilateral actions more frequently in order to achieve a liberal trading system to protect its own interests which have shifted as imports into the US have increased. In order to pry open a market perceived to be unfairly closed, unilateral measures such as trade sanctions have been threatened.¹⁶⁹ In contradiction to the overall liberal view, this US unilateral approach ignores the balance of concessions and advantages struck in previous GATT rounds. The justification for its action is that the balance of advantage struck in the WTO is not being respected and is often exploited by its other trading partners. Consequently, the threat of sanctions has led to a series of bilateral agreements.¹⁷⁰ This sort of bilateral agreement has also been fairly heavily criticised

¹⁶⁷ Moon, Bruce E., 'Ideas and Policies,' in Brian Hocking and Steven McGuire (eds.), *Trade Politics: International, Domestic and Regional Perspectives*. London: Routledge, 1999, p. 43.

¹⁶⁸ Swinbank, Alan and Tanner, Carolyn, *Farm Policy and Trade Conflict: The Uruguay Round and CAP Reform*. Ann Arbor: The University of Michigan Press, 1996, p.3.

¹⁶⁹ McDonald, Brian, *The World Trading System: The Uruguay Round and Beyond*, London: Macmillan Press Ltd, p. 26.

¹⁷⁰ *Ibid.*, p. 27.

by free trade experts. Again, the United States claims that the bilateral agreements are only bilateral in terms of negotiation, as the results would be multi-lateralised. It should be noted that, while in many cases there have been positive effects of bilateral trade talks, there have also been negative effects for other trading partners as well, since the agreements usually benefited narrowly focused US interests. Clearly, the unilateral path will still remain an important tool in US eyes.¹⁷¹

On agriculture, however, the top US priority was to regain its market share of world trade in cereals and other agricultural products. The US position shifted from favouring protectionist farming policies to a more liberalised one when trade was in decline during the early 1980s.¹⁷² This shift in the farm policies of the US was the direct result of a change in the balance of power within the agricultural policy community.¹⁷³ Traditionally, agriculture has been regarded as a sector of economic activity that deserves special treatment and, hence, US agricultural policy tended to protect vulnerable small groups of ‘family farmers’ although it cannot be denied that big farm agri-businesses actually received most of the financial advantages.¹⁷⁴ The US implemented both domestic support and import protection to shield these vulnerable farmers from outside competition.¹⁷⁵ This attitude manifested itself during the post-war negotiations on the ITO as part of US insistence that the ITO not affect

¹⁷¹ Tucker, Stuart K. ‘US Agricultural Policies’, in Ippei Yamazawa and Akira Hirata, eds., *Trade Policies towards Developing Countries*. London: Macmillan Press Ltd, 1993, p.113.

¹⁷² Hillman, Jimmie S, ‘The US Perspective,’ in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.29.

¹⁷³ Grant, Wyn ‘Agricultural Trade’, in Dominic Kelly and Wyn Grant, eds., *The Politics of International Trade in the Twenty-First Century: Actors, Issues, and Regional Dynamics*. Basingstoke: Palgrave Macmillan, 2005, p. 95.

¹⁷⁴ *Ibid.*, p. 95.

¹⁷⁵ *Ibid.*, p. 95.

its agricultural policies and, since the Second World War, GATT rules on agriculture were in part written to fit existing US agricultural policies, in order to protect its farm trade.¹⁷⁶ However, while other farm interests still favoured it, this protectionist attitude changed in the 1980s when the export oriented agri-business lobby in the US, whose aim was to promote exports on the basis of price competition, turned against protection. Due to advances in technology and management skills, these agriculture businesses were pro free trade as they would profit from a level playing field resulting from a reduction in subsidies, especially in the EU. By negotiating through the GATT in the UR, the US therefore aimed to abolish all forms of agricultural support and protection.¹⁷⁷ The US position was strongly supported by other major exporters of temperate agricultural products such as Australia, New Zealand, Canada and Argentina.

During the Uruguay Round the US tabled four major proposals which addressed the agenda and negotiations in agriculture. The first was *the 1987 US proposal*. In summary, the goals of the proposals that the US wanted to achieve were: (1) to establish discipline over the use of export subsidies by seeking to freeze existing subsidies, with an agreed timetable to phase them out over a period of years (the so-called 'standstill' and 'rollback' provisions); (2) to enhance market access and to reduce all trade barriers, including quantitative restrictions; (3) to strengthen the dispute settlement and enforcement processes; and (4) to phase out all trade-distorting

¹⁷⁶ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p.212.

¹⁷⁷ Ingersent, K.A., Rayner A.J., and Hine R.C., 'The EC Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.59.

domestic subsidies and import barriers over a 10-year period.¹⁷⁸ By advocating a sweeping elimination of all trade-distorting agricultural subsidies by the year 2000 or over a ten-year period (the so-called zero option which was borrowed from nuclear strategy), the main thrust of the US proposal was clearly targeted at a reduction in levels of support and protection.¹⁷⁹

The year following the tabling of the initial proposals did not see much advancement in the negotiation process. As the scheduled mid-term review approached, views on the issues tended to polarise rather than come together. The US continued to insist on an advance commitment to the elimination of trade-distorting subsidies by submitting the second proposal in November 1988. A Framework Proposal was specifically designed to set the agenda for future negotiations and act as a guide for the forthcoming Mid-Term Review. A central element of the Framework Proposal was the ‘tariffication’ of all non-tariff barriers to agricultural trade.¹⁸⁰ The term ‘tariffication’ means the course of action by which all NTBs should be converted to their tariff equivalents and bound.

The Montreal meeting was meant to be the time to bring together the individual negotiating positions and to resolve difficulties in any area; however, the reverse happened. The intensive negotiations in Montreal failed to find a solution to the unbridgeable gap between the United States and the EC in agriculture. The US

¹⁷⁸ Hillman, Jimmye S, ‘The US Perspective,’ in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, pp.35-36.

¹⁷⁹ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 141.

¹⁸⁰ Hillman, Jimmye S, ‘The US Perspective,’ in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.38.

insisted that a commitment be made to ‘eliminate’ support and protection for agriculture; whereas, the EC was willing to concede only that it should be ‘reduced’. Undoubtedly, the deadlock in agriculture gave rise to a complete halt to the progress of the negotiations. Only when the wording of the objective of the negotiations was agreed upon by both the US and the EC were the impasses on agriculture finally resolved in April 1989. In place of the aim of eliminating support, the United States accepted what was characterised as a language change in the April Agreement, which called for ‘substantial progressive reductions in agriculture support and protection sustained over an agreed period of time’.¹⁸¹ Actually, the acceptance of this form of words entailed a basic shift in the US position.¹⁸²

Another proposal of the US was the ‘Comprehensive Proposal’ of October 1989, which laid down a direct challenge to EC. In effect, the proposal challenged the EC to dispose of its support system, the CAP. The variable levy would have to be converted into a fixed tariff, export subsidies would be eliminated, and domestic subsidies tied to domestic production would be phased out. Policies that would be allowed would feature only research and extension, domestic food subsidies, food aid, and ‘decoupled’ income payments to producers.¹⁸³ It is equally important to note that, in the same year, US farm politicians spent a good amount of time in Washington, drafting the 1990 Farm Bill. These simultaneous processes and interlocking considerations could not be ignored. In fact, some parts of the Farm Bill – especially

¹⁸¹ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 148.

¹⁸² Hillman, Jimmie S, ‘The US Perspective,’ in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.40.

¹⁸³ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 150.

those of the re-authorisation of the Export Enhancement Programme (EEP) and a Market Promotion Programme (MPP) - were viewed as counter-attacking foreign agricultural exports subsidies, those of the EC to be more specific.¹⁸⁴

Again, the United States led the way by tabling its 'final' proposal on 15th October 1990, by taking the Chairman's Draft as a basis for a framework. The proposal called for a 75 per cent cut in domestic support and tariffs over a 10-year period. Until then the United States had pressed for the elimination of import barriers within 10 years; the goal was then reduced to a 75 per cent cut over the same period (one facet of abandoning the zero option). It also called for a 90 per cent reduction in export subsidies over two years. Without doubt, this position contrasted with that of the European Community.¹⁸⁵ Consistent with its overall approach, in this proposal the United States advocated the eventual removal of the exceptional treatment of agriculture under the GATT, including Article XI.2(c) (i) which allows countries to impose quantitative import restrictions as part of supply-management systems.¹⁸⁶ Interestingly enough, the United States showed a willingness to part with its beloved Section 22 in order to obtain its general strategic goals of the Uruguay Round - to phase out all import barriers on the ground that trading partners reciprocate.¹⁸⁷

Although the final US proposal was less aggressive than earlier positions taken, the GATT meeting in Brussels, which had originally been intended to conclude the

¹⁸⁴ Hillman, Jimmye S, 'The US Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.42.

¹⁸⁵ *Ibid.*, p.43.

¹⁸⁶ *Ibid.*, p.44.

¹⁸⁷ *Ibid.*, p.44.

Uruguay Round, still reached a 'breakdown' point in December 1990. A deadlock in agriculture negotiations, which centred on the so-called Hellstrom proposal which, essentially, proposed 30 per cent reductions on internal support, border protection and export subsidies over five years, was an obvious cause of the breakdown.¹⁸⁸ In the aftermath of the Brussels meeting, the US negotiators and their Cairns Group allies maintained pressure for reform on the European Community. Indeed, the United States and the Cairns Group utilised a variety of economic techniques and political tactics to move towards the accomplishment of the objectives already spelt out. Nonetheless, at the same time, it could be sensed that the United States was positioning itself for some type of compromise.¹⁸⁹ This, coupled with other significant factors such as the Dunkel Shuttle, the MacSharry Plan¹⁹⁰, and the extension of Fast-track legislation, led to a successful bilateral negotiation – the Blair House Accord, representing the political culmination of the six-year-confrontation between the US and the EC.

To conclude, the United States entered the negotiations with a firm bargaining position to press for long term agricultural reform and for more liberal agricultural trade policies, since agricultural protectionism had been deep-rooted and farm lobbies had always been the stumbling block to agricultural policy reform, both in the US and

¹⁸⁸ *Ibid.*, p.47.

¹⁸⁹ *Ibid.*, p.45.

¹⁹⁰ After the collapse of the Uruguay Round negotiations in Brussels, the EC Agricultural Commissioner, Ray MacSharry, presented to the Commission a green paper on GAP reform under the title 'Development and the Future of the CAP: Reflections Paper of the Commission'. This MacSharry Plan was sufficiently controversial because the document reiterated the fundamental imbalance inherent in the CAP system of income support, as well as its inequity. However, the plan was revised and a later version of the MacSharry Plan was outlined in July 1991.

other developed countries. Yet, in the background of the United States negotiating position were its own farm policies, and there lurked US farm organisations, farm commodity groups and, more importantly, the big agri-businesses, which would be constantly on the alert to prevent an erosion of their interests during the negotiations.¹⁹¹ Thus, like any other country, the United States objectives and its bargaining position during the life of the Uruguay Round were pretty much affected by two major forces: the reaction of other countries, especially the European Community, to its proposals and the politics of agriculture at home.

EU

Another major player in agricultural trade in the Uruguay Round was the European Union (EU), known at the time as the European Community (EC). Overall, the EC moved from being an importer of most agricultural products in the early 1970s to being a net exporter of most in the mid-1980s. This transition, due to the CAP and rising productivity, had critical implications for global agricultural trade, as well as for the EC budget. Thus, at the outset of the Uruguay Round, the EC was under pressure to reform its CAP from two directions - from trading partners and from internal pressures.¹⁹² The EC's agricultural trading partners pressured to gain improved access to the EC market for their imports, as well as to see an end to subsidised competition in third country markets. The internal pressure was purely for budgetary reasons.

¹⁹¹ Hillman, Jimmie S, 'The US Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.36.

¹⁹² Ingersent, K.A., Rayner A.J., and Hine R.C., 'The EC Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.56.

Traditionally, the EC held that the CAP was non-negotiable and that the focus of any agricultural discussions should therefore be on stabilising the world agricultural market. With this notion, very little progress had been in the earlier rounds of trade negotiations e.g. the Kennedy and Tokyo Rounds.

As stated earlier, agricultural protection and domestic market regulation proliferated during the inter-war period. Even though the US led this trend with its request for a waiver in the GATT in 1955, the CAP is the pre-eminent example of how farmers become insulated from foreign competition. It provided an intervention or support price at which the Community guaranteed to purchase the agricultural output for farmers and a threshold price (above the internal support price) below which no imports were allowed.¹⁹³ In order to isolate the EU market from international competition, a variable levy equal to the margin between the threshold price and the lowest representative offer price on world markets was imposed on imports. The programme was extremely costly. However, the EU was not alone. Domestic support in Japan and the US over the same period was equally high.¹⁹⁴

In the run-up to the Uruguay Round, the EC therefore attempted to limit the scope of the negotiations to the modification of existing agricultural policies, rather than radical reform. However, the United States, supported by the Cairns Group, wanted an agreement to achieve a market-oriented, barrier-free agricultural trading system. The US-Cairns Group proposal contrasted with that of the European Community, which

¹⁹³ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p.209.

¹⁹⁴ *Ibid.*, p.209.

continued to refuse substantial alteration of its support policies and which preferred market sharing arrangements.¹⁹⁵ It was strongly suspected within the EC that an unstated aim of the US was to destroy the CAP,¹⁹⁶ but it was clear that its wider trading interests could be severely damaged by the raising of protectionist barriers to EC exports, particularly in the US if the EC refused to negotiate on agriculture. In some significant respects, US agricultural trade was affected by the CAP, not least in terms of competition in third country markets.

Despite some signs of greater readiness to consider concerted and reciprocal reductions in agricultural support levels, the EC's negotiating position on agriculture at the beginning of the Uruguay Round was little changed from the position taken up and defended in the Tokyo Round. The EC insisted that radical changes in the CAP pricing system, which insulates and protects EC producers from world prices, could not be conceded in the GATT negotiations.¹⁹⁷ Hence, the EC's stance on agriculture during the Uruguay Round was reactive rather than innovative for most of the time. The community chose to react to proposals for reform tabled by others, most notably the United States and the Cairns Group of agricultural exporting countries.¹⁹⁸

However, when the EC had to table its own proposal, it firmly emphasised that the key aim of the EC was to cut domestic subsidies to a level where supply and demand

¹⁹⁵ Hillman, Jimmie S, 'The US Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.38.

¹⁹⁶ Ingersent, K.A., Rayner A.J., and Hine R.C., 'The EC Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.60.

¹⁹⁷ *Ibid.*, pp.62-63.

¹⁹⁸ *Ibid.*, p.61.

on the global market would be in equilibrium. Although the EU wanted to reduce the general level of domestic support, it nevertheless sought to maintain flexibility in the implementation of this provision, thereby allowing for domestic subsidies, border measures and export subsidies to be altered accordingly. The EC believed that cutting domestic support would lead inevitably to a reduction in border restrictions or export subsidies. Predictably, the US disagreed with the EC's view. It also argued, instead, for an application of reduction measures to all the policy components.¹⁹⁹

Countries were clearly divided on the extent and the pace to which they were prepared to go in reducing the support of domestic agriculture. The subsequent tabling of proposals on agriculture revealed how far apart the main participants in the Uruguay Round negotiations were on this issue. During the mid-term meeting, the United States continued to insist on an advance commitment to the elimination of trade-distorting subsidies. Of course, the EC steadfastly declined to be drawn into such an obligation. The EC also labelled the US 'zero-option' proposal unrealistic. Although the US proposal was indeed unrealistic, the EC, however, did not offer its own view of a longer-term objective.²⁰⁰ As a consequence, it was predictable that what was intended to be the final meeting of the Uruguay Round, duly held in Brussels early in December 1990, would somehow end in fiasco. No agreement could be reached on agriculture and failure there brought the entire Round to an abrupt halt. This is because the US and the Cairns Group were unable to accept the EC's refusal to offer

¹⁹⁹ McDonald, Brian, *The World Trading System: The Uruguay Round and Beyond*, London: Macmillan Press Ltd, p. 206.

²⁰⁰ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 146.

specific quantitative commitments, both in lowering border protection and reducing export assistance.²⁰¹

Although there were fundamental disagreements on agriculture between the key actors, the EC and the US, significant pressures, as well as concerns about the future of the whole trade negotiation architecture, were pushing both sides to finally reach an agreement. As for the EC, the main incentive to seek agreement on agriculture was the increasing burden of rising budgetary costs of the CAP, which were again causing serious concern in the Community, as well as concerns about the impact on manufactured goods exporters if no agreement was reached.

The Uruguay Round agricultural negotiations were revived in February 1991 when all the contracting parties agreed to the resumption of negotiations. By that time, from the EC perspective, the ultimate fate of the Uruguay Round agricultural negotiations appeared to be tied up with the fate of the MacSharry Plan, since both were ultimately concerned with reducing the incidence and costs of agricultural support, in particular trade-distorting ones. However, the EC argued that there was no connection between MacSharry and the Uruguay Round and the MacSharry Plan was purely concerned with reforming the CAP to realise domestic objectives only. Yet, not many people believed it. Thus, the EC softened its previous hard-line refusal to consider the possibility of acceding to the US demand for specific support reduction commitments in the three main areas.

²⁰¹ Ingersent, K.A., Rayner A.J., and Hine R.C., 'The EC Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.73.

However, even with some apparent further relaxation of US demands, the agricultural negotiations made little further progress in 1991. Therefore, GATT Secretary-General Dunkel attempted to force the Uruguay Round to a successful conclusion by presenting the negotiators with a comprehensive draft agreement on 20th December 1991. The draft included all areas of the negotiations, including agriculture. The main body of the Dunkel text on agriculture dealt specifically with improving market access, reducing domestic support and improving export competition.²⁰²

Despite the readiness to accept the Dunkel draft agreement on agriculture as the basis for a conclusion of the UR agriculture negotiations between the US and most of the Cairns Group countries (excluding Canada), the failure of the EC and a number of other countries to adhere to the conditions offered by the Dunkel draft (including Canada and Japan) led to the abandonment of the timetable set by the Final Act for the conclusion of the Uruguay Round negotiations by 15th April 1992.²⁰³

Finally, the EC and the US resolved their differences on agriculture in the Uruguay Round by striking a bilateral deal. Apparently, this bilateral agreement - the Blair House Accord - was the major cause of the removal of the obstacles to the conclusion of an overall Uruguay Round agreement.

In summary, from the beginning of the Uruguay Round agricultural negotiations, the EC preferred some kind of market sharing agreement amongst the world's largest

²⁰² *Ibid.*, p.78.

²⁰³ *Ibid.*, p. 80.

producers and exporters of temperate agricultural products.²⁰⁴ While the US entered the negotiations with an interest in liberalising agricultural trade, by the same token, the EC wished to protect its farm support measures. Nonetheless, the last intriguing point to note is that the EC was also faced with contradictory internal demands. Differing national positions within the EC, particularly France which later led to Blair House 2, greatly complicated the EC's stand point in the Uruguay Round agricultural negotiations. Lastly, this, in effect, complicated even the internal issue, that of trying to find a consensus on the MacSharry proposals.²⁰⁵

Developing countries at UR negotiations and agricultural negotiations

Developing countries are increasingly active in multilateral trade negotiations since they now make up the majority of the WTO members. They are expected to play an increasingly important role in the WTO because of their numbers and because they are becoming more important in the global economy. This reflects the fact that developing countries in general, but particularly what are sometimes termed 'emerging' countries (sometimes referred to as BRICS = Brazil, Russia, India, China), have become more deeply integrated into the international trading system. They now realise the unavoidable interconnectedness of the global economy from which they do not wish (or, in fact, cannot afford) to be excluded, since their economies have become more dependent on international trade. Particularly, they believe that joining the WTO, which is a rules-based organisation governed on the 'one country, one vote'

²⁰⁴ *Ibid.*, p.83.

²⁰⁵ *Ibid.*, p. 82.

basis, would yield them a channel through which their voices and interests would be heard and favoured more.

Recent economic policy changes in developing countries, emphasising openness and market orientation, have given them a much greater stake in the outcome of trade talks. An important rationale for small economies to engage in reciprocal, multilateral negotiations to liberalise trade in order to gain access to markets abroad is political. It allows governments to offset opposition to liberalisation on the part of import-competing industries by creating political support on the part of export interests that obtain greater access to foreign markets.²⁰⁶ Together with the emergence of global markets, this has led to the prospect of productive participation in world trade as a viable path to development. Nonetheless, it has its own price. It has also increased the risks of exposing domestic markets and institutions to competition from abroad, and made countries with inadequate infrastructure and inappropriate policies vulnerable to marginalisation in the global economy.²⁰⁷

The Uruguay Round was the political consequence of the impact of globalisation and the changing participation of developing countries.²⁰⁸ Thus, the agenda for the round was a reflection of the need to respond to a changing trading system, as well as being influenced by the increased participation of developing countries in the system.

²⁰⁶ Hoekman, Bernard M., and Kostecki, Michel M., *The Political Economy of the World Trading System*. 2nd ed. Oxford: Oxford University Press, 2001, p. 108.

²⁰⁷ Josling, Tim and Tangermann, Stefan, 'The Interests of Developing Countries in the Next Round of WTO Agricultural Negotiations,' in *A Positive Agenda for Developing Countries: Issues for Future Trade Negotiations*. New York: United Nations Publication, 2000, p.105.

²⁰⁸ Wolfe, Robert, *Farm Wars*, London: Macmillan Press Ltd, 1998, p. 84.

Changes in the pattern and volume of trade alter relations between state and society, creating new conflicts. Since multinational corporations (MNCs) operate in more than one territorial market, they find it simpler to face common regulatory systems, be it intellectual property regimes or other standards throughout their operations. As a result, the Uruguay Round inevitably had to extend the move into ‘deeper’ or ‘behind the border’ integration.²⁰⁹

In addition, globalisation saw a change in the role of developing countries. For the first time in the Uruguay Round, developing countries tried to influence the outcome directly, particularly as some of them were assuming a much larger role in the international trade system by the 1980s than had been the case previously. In the seven previous GATT Rounds of multilateral trade negotiations, developing countries focused most of their attention on obtaining preferential access to industrial country markets.²¹⁰ They, therefore, had been free-riders, using the Most-Favoured Nation (MFN) rule to benefit from tariff reductions among developed countries. The new engagement included active participation in meetings, where they made numerous negotiating proposals, and a willingness to increase the extent of their obligation. One of the incentives for their more active roles in the negotiations was potential gain or benefit in agriculture, which would hopefully more than offset the short-term costs of the new rules on services and intellectual property.

²⁰⁹ *Ibid.*, p. 85.

²¹⁰ Martin, Will and Winters L. Alan, ‘The Uruguay Round: a milestone for the developing countries,’ in Martin, Will and Winters L. Alan, eds, *The Uruguay Round and the Developing Countries*, Cambridge: Cambridge University Press, 1996, pp. 1-29.

For almost 40 years after World War II, most developing countries did not perceive the GATT as a friendly or fruitful institution in which to promote their interests. Inward-oriented industrialisation and nationalist ideologies of development were widely exercised in most developing countries. Nevertheless, the situation was reversed at the beginning of the 1990s, and changed more significantly in the relatively active role that developing countries played in the Uruguay Round negotiations.

At the same time, industrial countries started to see the engagement of developing countries in multilateral trade talks through new lenses. Developing countries were also increasingly becoming a market for developed countries. The minimal size of developing countries' market had previously been seen as not being worth the effort of pressing for greater access.²¹¹ However, as competition among the major trading players intensified, these circumstances motivated developed countries to seek a new negotiation to incorporate developing countries more firmly into GATT rules.²¹² Thus, the continued opening and greater access to the developing countries' market became a more important goal in the eyes of industrialised countries.

On the other hand, developing countries had their own reasons to seek a new negotiation. The most evident reason would be the recession and debt crisis that

²¹¹ Tussie, Diana and Lengyel, Miguel F., 'Ch47 in Development Trade and the WTO', in Hoekman, Bernard, Mattoo, Aaditya, and English, Phillip, eds., *Development Trade and the WTO: a Handbook*. Washington, D.C.: World Bank, 2002, p.486.

²¹² Winham, Gilbert R., 'The Uruguay Round and the World Economy', in Richard Stubbs and Geoffrey R.D. Underhill, eds., *Political Economy and the Changing Global Order*, 2nd ed. Oxford: Oxford University Press, 2000, p. 168.

devastated the economies of many developing countries.²¹³ Subsequently, developing countries abandoned their former defensiveness and embraced a much more participatory attitude. The question became what would be an appropriate strategy of participation, and what commitments to make and on how to micromanage a massive agenda.

This change of attitude was reflected in the way they advanced, on an individual or group basis, a positive agenda of their own. However, this was not obvious because developing countries, led by Brazil and India, objected to the inclusion of services in the international trade agenda. In their view, rules limiting the investment policies of developing countries were seen as unfavourable to their interests, as well as an intrusion on their autonomy. Developing countries insisted on liberalisation of the regulations of excessive protection in agricultural markets, which would presumably give them the benefit of expanded exports. This aim was, in part, a quid pro quo for agreeing to accept the TRIPs and GATs agreements.

To be sure, developing countries did not leave the negotiations empty-handed; the inclusion of agriculture, the commitment to reduce subsidies and more access to markets can be deemed important gains, although not substantial. Nonetheless, it may be concluded that what seems to be the highest achievement of developing countries from the Round is the fact that it strengthened rules for international trade, thereby providing assurances that their trade would not be penalised by unilateral measures of trade superpowers, although this might, in part, depend on how well the Dispute System Mechanism (DSM) worked.

²¹³ *Ibid.*, p. 168.

In order to exploit the potential gains, developing countries employed many strategies during the course of negotiations in the Uruguay Round. One of the best examples is probably the formation of coalitions. For example, G-10 was a coalition that epitomised the traditional bloc diplomacy of developing countries.²¹⁴ The negotiating position of the G-10 was that members would block the opening of a new trade Round until traditional issues of standstill and rollback were attended to. Another good example of coalition, aiming to achieve desirable outcomes in the negotiations, was the Cairns Group, as mentioned in the earlier section. However, it is important to note that the Cairns Group was also a coalition with some problems and was not that effective. The fact remains that developing countries continue to form coalitions within multilateral contexts. This is evidence that individual countries are still motivated to co-operate with each other. After all, it seems like a rational response to the superior bargaining power such as the United States or European Union.²¹⁵

Obviously, developing countries were instrumental in building momentum towards a new trade negotiation. In fact, the reality was that a changing world economy made developing countries important to the international trade system.²¹⁶ Evidently, throughout the talks the major players were unwilling to risk, for lack of a serious

²¹⁴ Narlikar, Amrita, *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*. London: Routledge, 2003, p. 54.

²¹⁵ Drahos, Peter, 'When the Weak Bargain with the Strong: Negotiations in the World Trade Organization', *International Negotiation* 8: 79–109, 2003, p. 101.

²¹⁶ Winham, Gilbert R., 'The Uruguay Round and the World Economy', in Richard Stubbs and Geoffrey R.D. Underhill, eds., *Political Economy and the Changing Global Order*, 2nd ed. Oxford: Oxford University Press, 2000, p. 168.

effort to reduce the levels of protection for agriculture losing potential, 'sweet deals' in areas such as financial services and intellectual property rights.²¹⁷ On the other hand, developing countries were willing to essentially soften their calls and demands in recognition that the potential loss to them from a major breakdown in negotiations outweighed whatever benefits might accrue to them from more direct enhancement to system structure.²¹⁸ According to Whalley, the active cooperation of developing countries in the liberalisation process in the end was driven more by the fear that the non-discriminatory multilateral trade system would collapse. If the Round failed, it would result in them being excluded from any emerging regional trading blocs. As was anticipated, the Final Act promised the industrialised nations more access to one another's and to developing countries' markets. In exchange for the acceptance of the new issues, developing countries were to gain access to industrial markets for their primary commodities and for an increasing number of their semi-processed and finished products. Nevertheless, no matter how critical developing countries were to the Round, the agenda still reflected the interests of the major trade players like the US and the EU, even when the agenda was a mixture of the old and the new in trade concerns.

Developing countries have complex interests in the area of market access. Exporters of agricultural products have an incentive to see trade barriers lowered. On the other hand, many tropical products already enter duty free into the main industrial markets.

²¹⁷ Balaam, David N., 'Agricultural trade policy', in Brian Hocking and Steven McGuire, eds., *Trade Politics: International, Domestic and Regional Perspective*. London: Routledge, 1999, pp.60-61.

²¹⁸ Whalley, John, 'Developing countries and system strengthening in the Uruguay Round', in Martin, Will and Winters L. Alan, eds, *The Uruguay Round and the Developing Countries*, Cambridge: Cambridge University Press, 1996, p. 410.

In these cases, expanded market access into industrial markets may have to come from actions other than tariff reduction such as reducing domestic taxation.²¹⁹

Conclusion

The nature of trade in agricultural goods is changing over time, in terms of transportation, storage, and communication technologies, resulting in the rapid rise of trade in processed foods.²²⁰ Undoubtedly, these changes will have a direct effect on the political balance of interests in the formulation of trade policy and the interests of individual countries in the outcome.²²¹ However, over the past few decades, economic development has transformed the structure of the economies of most developing countries. Nevertheless, the agricultural sector continues to play a fundamentally important role in the economic growth and development prospects of the vast majority of developing countries. Therefore, not surprisingly, agriculture also continues to play a major role in domestic agricultural production and employment in these countries.

The negotiations on agriculture were one of the key parts of the Uruguay Round from start to finish. During the negotiations, officials employed a variety of resources to achieve their state-conducted diplomacy, according to the internal and external

²¹⁹ Josling, Tim, and Tangermann, Stefan, 'The Interests of Developing Countries in the Next Round of WTO Agricultural Negotiations' in United Nations Conference on Trade and Development, *A Positive Agenda for Developing Countries: Issues for Future Trade Negotiations*. New York and Geneva: United Nations, 2000, p. 109.

²²⁰ Coleman, William, Grant, Wyn, and Josling, Tim, *Agriculture in the New Global Economy*. Cheltenham; Northampton, Mass.: Edward Elgar Publication, 2004, p. 29.

²²¹ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*. Basingstoke: Macmillan Press Ltd, 1996, p. 233.

pressures placed on them. At first, the US style consisted primarily of blaming the EC and its CAP, along with Japan, for distorting international trade.²²² Although the US toned down its demands for a dramatic liberalisation of agricultural trade, it remained adamant about the full inclusion of agriculture. Some experts view Reagan's zero-option proposal as a masterful stroke because, although the United States protected its agriculture, it shifted the burden of proof onto the EC and Japan to justify continued use of support for agriculture.²²³ Other strategies were the use of intimidating measures that included threatened loss of American markets, more liberal agreements made with other nations, and the loss of markets that would likely result from US efforts to promote regional trade agreements with other countries. From time to time, the US also used the threat of Congress increasing export subsidies to pressure competitors. Once negotiations got serious, the US sought to isolate the EC by emphasising common interests with some members of the Cairns Group and Japan. Speaking of which, the strategies the EC employed were to act more defensively throughout the talks, mainly because the EC seemed to believe until the later stages of the Round that the US would finally settle for something less, which the US eventually did.²²⁴

²²² Balaam, David N., 'Agricultural trade policy', in Brian Hocking and Steven McGuire, eds., *Trade Politics: International, Domestic and Regional Perspective*. London: Routledge, 1999, p.62.

²²³ *Ibid.*, p.62.

²²⁴ *Ibid.*, p.63.

Chapter 4:

Overview of the case study

This chapter gives an overview of the political economy of Thailand in general and prior to the Uruguay Round in particular. It then explores the interests/objectives/positions with which Thailand entered the Uruguay Round negotiations, especially those regarding agriculture. Next, it provides an account of how the interests/objectives/positions of Thailand were derived and formed and how it uniquely differed from many developed trading counterparts.

Overview of Thai political economy and Thailand with international trade negotiation

This overview discusses Thailand's characteristics and resources and outlines its political and economic performance in the global political economy. It also looks briefly at the Thai agricultural sector and presents a thumbnail sketch of its role in the Thai political economy. It then reviews the history of Thailand and international trade negotiations.

Thailand at a glance

Thailand is an axe-shaped country situated in the heart of the Southeast Asian mainland. Siam is the name by which the country was known to the world until 1939 and again between 1945 and 1949. On May 11th, 1949, an official proclamation

changed the name of the country to "Prathet Thai", or "Thailand", by which it has since been known. The word "Thai" means "free", and therefore "Thailand" means "Land of the Free."

The land covers an area of 513,115 sq km and extends about 1,620 kilometres from north to south and 775 kilometres from east to west. Thailand borders the Lao People's Democratic Republic and the Union of Myanmar to the north, the Kingdom of Cambodia and the Gulf of Thailand to the east, the Union of Myanmar and the Indian Ocean to the west, and Malaysia to the south. The population of Thailand is approximately 64 million, of which around eight million live in the capital city, Bangkok. The national and official language is Thai, while English is widely spoken and understood in major cities, particularly in Bangkok and in business circles. The Baht is the standard currency unit used in Thailand.

With H.M. Bhumibol Adulyadej as Head of State, Thailand has theoretically been governed by a democratically elected government since 1932. However, in reality Thailand has been under periods of military rule on numerous occasions. Under the constitution, the Parliament comprises 200 Members of the Senate and 500 elected Members of the House of Representatives. The Prime Minister is an elected MP and is selected from among the members of the House of Representatives. A summary of this information can be found in Table 4.1 below.

Thailand at a glance

<u>Geography</u>	Maximum Length	1,620 km
	Maximum Width	775 km.
	Land Area	513,115 sq. km.
	(Equivalent to the size of France, or slightly smaller than Texas)	
<u>Climate</u>	Tropical monsoon climate with a high degree of humidity	
	Annual average temperature	22.5 °C - 32.3 °C
	Rainy season (May to October)	24.1 °C - 31.8 °C
	Cool season (November to February)	20.3 °C - 30.8 °C
	Hot season (March to April)	23.2 °C - 34.2 °C
<u>Population</u>	64 million (8 million in Bangkok)	
<u>Religion</u>	Buddhism	94 %
	Islam	4 %
	Christianity	1 %
	Others	1 %
<u>Literacy</u>	(% of population age 15 and above)	
	Male	97.1 %
	Female	93.9 %
<u>Currency</u>	Baht (41.50 Baht/US\$ - 2003 average rate)	
<u>Language</u>	Thai	
<u>Government</u>	Constitutional Monarchy	
	Head of State	King Bhumibol Adulyadej
	The parliament comprises 200 elected Members of the Senate and 500 elected Members of the House of Representatives.	

Table 4.1: Thailand at a glance.

Source: Bank of Thailand

Thai Political Economy (agriculture)

This section provides a brief outline of the political and historical context within which Thailand's economic transition has occurred.

Thailand's government is nominally a constitutional monarchy with an elected parliament. However, the military plays a significant role in Thai politics in practice and heavy military involvement in government affairs has traditionally been tolerated. Between 1932 and 1997, Thailand had sixteen constitutions and well over 50 cabinets.

The period of absolute monarchy ended after the overthrow of King Prajadhipok, the seventh king of the Chakri dynasty (Rama VII) in 1932.

Until the abolition of the absolute monarchy in the coup, the palace was the sole force responsible for the definition of policy agendas. Thereafter, the centre of power was shifted from the palace to military headquarters.²²⁵ After World War II, conservative military-controlled governments were prominent. The decade following the war was dominated politically by Phibul Songkhram, Prime Minister from 1948 – 1957, later forced into exile. After staging a coup in 1957, the eminent military figure, Field Marshal Sarit Thanarat, assumed power in 1958. He briefly concentrated power in his hands and laid the policy framework for Thailand's subsequent decades of economic growth.

Under Sarit's rule, Thailand adopted a market-oriented import-substituting industrialisation strategy and, hence, began its rapid economic expansion. This was also propelled by a World Bank advisory mission in 1957. The report recommended that Thailand should at that time concentrate on investment in the public infrastructure required for economic development. In addition, the World Bank had called for reducing reliance on state enterprises and monopolies in order to create incentives for private investment, both foreign and domestic. It is interesting to note that Thai officials implemented many of the recommendations, since this development strategy

²²⁵ Maisrikrod, Surin, 'The Making of Thai Democracy: A Study of Political Alliances Among the State, the Capitalists, and the Middle Class' in Anek Laothamatas, ed., *Democratisation in Southeast and East Asia*. Singapore: Institute of Southeast Asian Studies, 1997, p.147.

suited Sarit's own political purposes by undermining his opponents' political bases, which were generally concentrated in the state enterprise sector.²²⁶

The US government approved of Sarit's anti-communism and support for private investment. As a consequence, Thailand received a substantial increase in economic and military aid from the US.²²⁷ The National Economic and Social Development Board (NESDB) was also formed as a result of the report of the World Bank. The Board began to produce regular five-year development plans to guide public investments in infrastructure.

With Sarit's death in December 1963, power shifted to a new military alliance headed by General Thanom Kittikachorn,²²⁸ who became the Prime Minister. However, there was a growing concern associated with the expanding communist threat. Hence, the Thanom military government was too preoccupied with the security issues at hand to focus on economic affairs.

In the early 1970s, Thailand experienced a short period of democracy and civilian government. When the Premiership went to Kuk-rit Pramoj, leader of the Social Action Party, some interesting policy initiatives were introduced. However, Kuk-rit's hostility towards the army again led to another military seizure of power in 1976 through the bloodiest coup in Thai history, which ended three years of civilian

²²⁶ Unger, Danny, *Building Social Capital in Thailand*. Cambridge: Cambridge University Press, 1998, p.61.

²²⁷ *Ibid.*, p.62.

²²⁸ Warr, Peter G., 'The Thai Economy', in Peter G. Warr, ed., *The Thai Economy in Transition*. Cambridge: Cambridge University Press, 1993, p.12.

governments; thus, the role of the military in public affairs became increasingly contentious in the 1970s and 1980s. The growth of an urban educated middle class has led to increasing demands for democratic reform and for a reduced role for the military, in economic affairs as well as in political life.

The brief years of civilian government coincided with significant economic changes. New interest groups emerged and new policies were initiated and implemented. An important new development was the involvement of the big business corporations of the capital in politics. This element of business moved towards an alliance with those senior technocrats responsible for economic management; they began to influence the direction of economic policies. This small group derived its influence from the command of money and position.²²⁹ This was a radical departure from the previous periods, when control over policy was shared only by the military and the bureaucracy.²³⁰

A new constitution was promulgated in November, 1978. The ensuing general election was held in April 1979 under the new constitution, yet, no single party obtained a majority and the position of Prime Minister was later offered to General Prem Tinsulanonda, a respected army general, favoured by the military and the main political parties. The Prem government's main feature was an accommodation or a sharing of power between the political parties, the military and the bureaucracy.

Although there were several political crises during the Prem administration, the basic

²²⁹ Phongpaichit, Pasuk and Chris Baker, 'Power in Transition: Thailand in the 1990s', in Kevin Hewison, ed., *Political Change in Thailand: Democracy and Participation*. London: Routledge, 1997, p.25.

²³⁰ Zhang, Yumei, *Pacific Asia: The Politics of Development*. London: Routledge, 2003, p. 85.

arrangement of power sharing remained undisturbed for eight years. The Prem era was probably the first time since 1973 when parliamentary politics was relatively stable. However, the period was appropriately characterised as ‘semi-democratic’ because the military continued to play a strong political role within the parliamentary framework. Due to the relative stability of domestic policy, economic growth was then given high priority. In the end, threats of a vote of no confidence led to Prem’s resignation in 1988.

The resulting election in July 1988 led to the selection of Chatichai Choonhavan as Prime Minister, the first elected Member of Parliament to become prime minister since 1976. Although the Chatichai government presided over the period of the most rapid economic growth in Thai history, it soon appeared that the parliament was entrenching its power and severely curtailing the military’s political role. In February 1991, the military leadership staged a sudden coup against Chatichai, installing a National Peace Keeping Council to run the country. Only a year later, General Suchinda, one of the coup leaders, became Prime Minister, leading to the tragic events of ‘Black May’ in which hundreds of civilians were killed or injured. Suchinda was forced from office when the King intervened by re-appointing Anand Panyarachon to the position of Prime Minister to prepare for subsequent elections. Later, Shuan Leekpai was elected as Prime Minister, and he was in the office from October 1992 to July 1995.

In summary, the military has dominated Thai politics since the 1930s. Many observers argue that regular military coups undermined the entrenchment of democratic political process or any political stability. Nonetheless, these frequent military intrusions into

politics and the coalitional nature of Thai democratic governments shed some light on the fragility of those governments. The above summary of recent Thai political history provides an understanding of the political context within which international trade negotiators had to work.

As for the development of Thailand in the economic arena, the adoption of the free trade policy of Thailand can be traced back to the nineteenth century. The Bowring Treaty signed between King Mongkut (King Rama IV) and Great Britain in 1855 required Thailand to adopt relatively free trade economic policies. Free trade policies promoted the expansion of agricultural exports, but did not produce rapid economic growth per head of population. In the century following the Bowring Treaty, Thai economic growth barely rose. Yet, it is not surprising that agricultural exports were the main source of both foreign exchange and government revenue. However, the agricultural growth was not driven by improved productivity, but by expansion of the cultivated land area and cultivable land remained abundant until the 1960s.²³¹

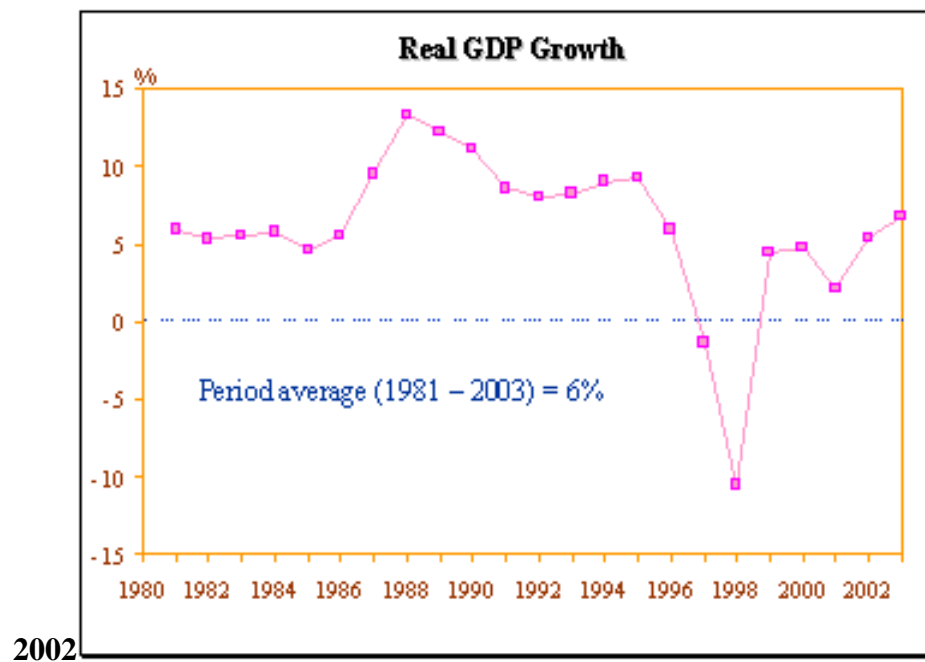
Thailand has followed a fixed exchange rate policy since the end of World War II, with the baht pegged to the US dollar. The capital account is relatively less open when compared to the trading system, which is more open.²³² Since 1972, Thailand's economy has been transformed from import substitution into an export led economy due to the Industrial Promotion Act coming into force. Since this remarkable shift of economic policy to export-led growth, Thailand's trade policy has always been liberal and outward-oriented, which is believed to be a crucial means to achieve

²³¹ Warr, Peter G., 'The Thai Economy', in Peter G. Warr, ed., *The Thai Economy in Transition*. Cambridge: Cambridge University Press, 1993, p.11.

²³² *Ibid.*, p.19.

developmental goals of the government. Since then, the market oriented reform programmes have been continuously implemented. Various measures have been undertaken to reduce and eliminate trade and investment barriers, and also to integrate Thailand more fully into the global economy. Figure 4.1 below shows that, from 1986–90, Thailand was one of the fastest growing economies in the world with an average real GDP growth rate of 11.5%. During 1981-85, average export and import values of Thailand registered at 165,561 (US\$ 6,622.2 million) and 229,259 (US\$ 9170.3 million) million Baht respectively, resulting in an average negative trade balance of 63,698 million Baht (US\$ 2,547.9 million). The major exporting products were mainly agriculture and processed food, accounting for almost 50% of the total average export value, while the main import items were minerals, fuel and lubricants and machinery, accounting for 26% and 27% of the total average import value respectively.²³³

²³³ Talerngsri, Pawin and Vongkhorporn, Pimchanok, 'Trade policy in Thailand: pursuing a dual track approach' in *ASEAN Economic Bulletin*, April, 2005, p. 1.

Real GDP Growth 1980 -**Figure4. 1:** Real GDP Growth 1980-2002

Source: Bank of Thailand

Role of Agriculture in the Thai Political Economy

In the early stage of economic development in Thailand, agriculture played an important role in the country's economic growth, with agricultural exports leading the way. Similar to most low- and middle-income developing countries, Thailand's product market policies implied taxation on agriculture and subsidisation for industry. Rice is by far the most important agricultural commodity and a major export revenue earner for Thailand. Therefore, rice exports were taxed by a combination of instruments: the rice premium, export duty; and a reserve requirement. In addition, taxing agricultural exports, particularly rice, kept the price of staple food low and, hence, reduced the domestic terms of trade between agricultural and manufactured products. However, these taxes have been slowly phased out.

Thailand has experienced a high rate of growth since 1960, and the country has since become more industrialised. Agricultural exports throughout the 1960s and 1970s contributed to industrialisation, as they were the major source of foreign-exchange earnings and provided the manufacturing sector with the capital needed to obtain imported machinery. Agriculture was the leading sector in the Thai economy during its crucial two decades of growth in the 1960s and the 1970s. Although the role was taken over by manufacturing during the 1980s and developments in agriculture now appear less significant to the country's macroeconomy, agriculture still plays a very important role in the Thai economy. This is because the agricultural sector still employs the majority of the Thai people.²³⁴ Although the percentage of GDP and the percentage of labour force in agriculture have decreased in the past decades, the significance of agriculture remains high in the Thai political arena. In 1994, agriculture still accounted for approximately 12% of Thailand's GDP, while employing more than 60% of the total workforce in the Thai economy, as shown in Table 4.2 below.

The structure of employment, 1960 – 1994

	<i>Percentage share</i>				
	<i>1960</i>	<i>1970</i>	<i>1980</i>	<i>1990</i>	<i>1994</i>
Agriculture	82.3	79.3	71.9	63.5	60.8
Industry	4.2	5.8	7.9	14.2	15.8
Service	13.5	14.9	20.2	22.3	23.4
Total	100.0	100.0	100.0	100.0	100.0

Table 4.2: The structure of employment, 1960 – 1994.

Source: National Statistic Office

²³⁴ Ammar Siamwall, Sutha Setboonsarng, and Direk Patamasiriwat, 'Agriculture' in Peter G. Warr, ed., *The Thai Economy in Transition*. Cambridge: Cambridge University Press, 1993, p.81.

Thailand and trade negotiations

Since international trade is the key to Thailand's economic development and growth, policies to protect her trade interests are important. Therefore, Thailand, along with many other countries, uses negotiation as means to improve the conditions for trade, pushing for more disciplined and transparent rules for the conduct of global trade, in the hope of increasing market access for exports and measures to protect domestic industries from unfair competition resulting from dumping and domestic subsidies from other countries. Table 4.3 below shows how exports are significant to the Thai economy and, hence, the enhanced commitment of Thailand in international trade negotiations.

Export value, import value and trade balance: 1996 – 2005

Year	Export Value		Import Value		Trade Balance	
	Billions of Baht	GDP As % of GDP	Billions of Baht	GDP As % of GDP	Billions of Baht	GDP As % of GDP
1996	1411.0	30.6	1,832.8	39.7	-421.8	-9.1
1997	1,806.7	38.2	1,924.3	40.7	-117.6	-2.5
1998	2,248.1	48.6	1,774.1	38.3	474.0	10.2
1999	2,214.2	47.7	1,907.4	41.1	306.9	6.6
2000	2,768.1	56.2	2,494.1	50.7	273.9	5.6
2001	2,884.7	56.2	2,752.3	53.6	132.4	2.6
2002	2,923.9	53.6	2,774.8	50.9	149.1	2.7
2003	3,325.6	56.1	3,138.8	52.9	186.9	3.2
2004	3,874.8	59.6	3,801.2	58.4	73.7	1.1
2005	4,436.7	62.5	4,756.0	67.0	-319.3	-4.5

Table 4 3: Export value, import value and trade balance: 1996 - 2005

Source: Office of the Permanent Secretary of Ministry of Commerce

Thailand's trade relations with other nations date back to as early as the 19th century.

Nevertheless, it was not until 1923 that the Ministry of Commerce was first appointed to be the body responsible for dealing with trade negotiations and agreements. Since

then, the Ministry of Commerce has played a key role in these matters at all levels – bilateral, regional, and multilateral. For instance, at a bilateral level, Thailand signed bilateral trade agreements with Japan for the first time in 1957.²³⁵ Within the scope of bilateral agreements, Joint Trade Committees (JTC) and the Joint Economic Cooperation Commission (JC) have been created; yet, bilateral negotiations are normally designed only to solve immediate trade disputes. This is, in particular, the case with the United States on textiles and intellectual property rights. Thailand has had a trade relationship with the USA regarding textiles since 1972. As for intellectual property rights, the USA demanded that Thailand have intellectual property rights law enforcement in place in order to receive the renewal of the Generalised System of Preferences (GSP), which is deemed significant to Thailand's competitiveness. Parallel to the course of the Uruguay Round negotiations, Thailand's bilateral trade negotiations with the US took place under pressure from the US, under the US301, to negotiate on Thai domestic intellectual property rights law.

In the regional framework, Thailand joined ASEAN in 1967. However, trade talks under the umbrella of ASEAN did not significantly take off until 1977, when the ASEAN Preferential Trading Arrangement (ASEAN PTA) was reached. Also, Thailand has been a member of APEC since 1989.

Thailand primarily took part in multilateral trade negotiations as an observer in the Tokyo Round negotiations in 1978. It was at this time that the cabinet approved the setting up of a Multilateral Trade Negotiations Committee on 28th August, 1978. Four

²³⁵ เกริกไกร จีระแพทย์, การเจรจาการค้าระหว่างประเทศของไทย, กรุงเทพมหานคร. บริษัท คู่แข่ง จำกัด, ปี 2539. [Jeerapat, Kirkkrai, *International Trade Negotiations and Thailand*. Bangkok: Ku Kang, 1996.]

years before the Uruguay Round negotiations kicked off, Thailand joined the GATT and became the 88th Contracting Party on 20 November 1982, after all the other ASEAN countries except Brunei.²³⁶ However, the negotiators began to realise the significance of multi-party trade negotiations prior to the GATT, in earlier MFA negotiations. Thai officials started to realise the importance of the international rules and dispute settlement processes for the first time when Thailand first received complaints from other textile exporting countries that Thailand had set a poor example. When the USA called Thailand to discuss the MFA in order to limit its quota, Thai negotiators, believing that Thailand did not have bargaining power despite the leverage given by US bases in Thailand, gave in to the US request.²³⁷

Moreover, Thailand used the GATT as a forum to solve trade problems and disputes with powerful trading partners, who pressured Thailand by using their own domestic laws e.g. the US301 introduced by the US.²³⁸ Developing countries like Thailand found themselves in disadvantaged positions. Another circumstance that added to the importance of the multilateral trading system was when the US accused Thailand of violating MFN traditions by discriminating against foreign cigarettes. Thailand asked the US to take this dispute to the dispute settlement process under the supervision of the GATT instead of dealing with it bilaterally, in which case the US would have had more power to coerce Thailand. The ruling in mid 1990 was that Thailand had to open

²³⁶ Brunei became a member on the 9th December 1993, as the 114th member.

²³⁷ พีเตอร์ ไมตรี อึ้งภากรณ์, แกตต์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจขึ้นของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 70. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 70.]

²³⁸ กระทรวงพาณิชย์, แกตต์กับการเจรจารอบอุรุกวัย (ฉบับแก้ไขปรับปรุงใหม่ ครั้งที่ 1). กรุงเทพมหานคร, 2537, หน้า 15. [The Ministry of Commerce, *GATT and the Uruguay Round Negotiations*. 1st Revised edition. Bangkok, 1994, p. 15.]

its market for foreign cigarettes. Yet, Thailand could reserve the right not to change the law (the ban on cigarette commercials) since it was regulated equally on both Thai and foreign cigarettes. Thai negotiators were very pleased with the result when compared with other countries such as Japan, Taiwan, South Korea, and Malaysia, that did not take the dispute to the GATT and later had to let the US cigarette companies advertise in domestic markets.²³⁹ Thailand, as a result, used GATT as a camouflage to solve problems, for instance, disputes over the import ban on foreign cigarettes and disputes over intellectual property rights under the 301.

Thai Interests/Objectives/Position

This section attempts to identify the interests (or what Thai negotiators perceived to be the Thai ‘interests’) and the positions Thailand adopted in the Uruguay Round negotiations. The section then elaborates on the objectives Thailand wanted to achieve in the agriculture negotiations, as well as in the Uruguay Round negotiations in general. It is important to note that the positions Thai negotiators adopted in the agriculture negotiations should not be taken out of context with regards to the positions Thailand adopted for the Uruguay Round negotiations as a whole. It then, goes on to explore how the interests were formed and how the positions were later taken.

²³⁹ พีเตอร์ ไมตรี อึ้งภากรณ์, แกดด์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 70. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 70.]

Positions in the Uruguay Round and in Agriculture negotiations

It should be apparent from the previous section that the weak and unstable political system in Thailand prior to the Uruguay Round contributed to the fact that politicians and those in power at that time had to prioritise their domestic share of power over the following trade talks that were happening in the international trade negotiations arena, despite the importance of trade to economic growth.

The question that then arises is if the Uruguay Round negotiations did not gain a lot of attention from the cabinet or the public, then how were Thailand's strategic positions developed? The answer lies in the fact that most of the Thai positions and the bargaining strategies in the Uruguay Round negotiations came from merely a handful of permanent officers in the Ministry of Commerce.

According to Mr. Kirkkrai Jeerapat, due to the past experience of trade officials with the MFA, the US301 and the cigarette cases, the top priority was to progress a strengthened system of trade rules, although Thailand was seen to be very active in agriculture negotiations.²⁴⁰ In the mind of the Thai trade negotiators; the creation of common rules was the key mechanism by which the multilateral system of trade rules reduces the importance of market power. As a consequence, the main objective in supporting the new Round was to develop trade rules or rule of law that could safeguard Thailand from unilateral actions from powerful trade counterparts like the US301. However, the strengthened trade rules were the hidden agenda in the eyes of Thai negotiators. This prompted Thai officials, with other ASEAN members, to join

²⁴⁰ Interview, September 2005. Mr. Kirkkrai Jeerapat is currently the Minister of the Ministry of Commerce. He was the former Ambassador, Permanent Representative to the Permanent Mission of Thailand to the World Trade Organisation.

with Colombia and Switzerland, the leader of the Café Au Lait group, and come up with positive proposals for the declaration draft because Thai negotiators saw potential linkages in key areas by using new issues like services as a bargaining chip and the group presented itself as a wiser choice of ally for Thailand than the hard-liners such as the G-10.

Although the rules were the most important consideration, Thailand's visible move was in agriculture. The farm war between the US and EU resulted in the new Farm Act in 1985, increasing export subsidies to dispose of surplus US agricultural products at the world market at a price as low as those from the EU. In fact, it was not necessary for the US to subsidise rice exports. Nevertheless, congressmen from wheat and cotton states wanted to please congressmen from rice states.²⁴¹ As a result, the new Farm Act 1985 also incorporated an increase in rice export subsidy and supports. In 1986, when the new Farm Act was being implemented, there were protests in front of the US Embassy in Bangkok. This led Thai officials in Geneva to be very active in helping to form the Cairns Group and to put forth a positive agenda that conformed to the general liberalising stance of the GATT. According to Miss Chutima Bunyaphrassara, Thailand also played a significant role in getting the Cairns Group off the ground by hosting an official trade meeting for trade officials from fourteen food exporting countries in Pattaya in July, 1986, the first meeting of the group, one month before the official formation of the group in Cairns.

²⁴¹ พีเตอร์ ไมตรี อึ้งภากรณ์, แกดด์ รอนอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจขึ้นของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 71. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 71.]

In terms of Thai interests and positions in agriculture negotiations, the main focus was market access and a more liberalised market for Thai agricultural commodities, especially rice. Table 4.5 shows below the percentage composition of export earning of Thailand during the period of pre the Uruguay Round. As shown in Table 4.6, Thailand is the number one exporter for rice in the world market. The main focus for Thailand was the US subsidy for rice exports and the closure of rice markets in Japan and South Korea. With the main objective being to prevent the US from using a subsidy, Thailand chose to join the Cairns Group to help negotiate on this point. Table 4.7 indicates the main destinations for Thai exports. The EU is the main destination for exports of Thai poultry. In the case of fresh chicken, Thailand wanted market access to the EU market because chicken exports from Thailand had been restricted by the EU quantitative restriction on imports. It is interesting to note that Thailand did not only ally with the Cairns Group or the ASEAN, but also allied with the US, the main target for Thailand's criticism over a subsidy for rice. Thai negotiators stressed the fact that, if Thailand was seen as a 'good boy' by the US over the new issues, they could go to the US to ask for help when faced with an issue on which Thailand and the US had common interests, namely agricultural protectionism in the EU.²⁴²

²⁴² Interview, Chutima Bunyaphrapassara, September 2005.

Export earnings: percentage composition

	1970	1975	1980	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Agriculture				38.0	34.0	27.8	26.4	23.0	18.0	15.1	15.0	12.2	11.4
Fishing	77.1	75.1	68.3	5.5	6.4	6.1	5.2	5.5	5.3	6.0	5.9	5.7	6.0
Forestry				0.2	0.3	0.3	0.2	0.1	0.2	0.1	0.1	-	-
Mining	0.1	0.1	2.1	5.2	2.7	1.6	1.9	1.6	1.4	1.2	0.8	0.5	0.6
Total primary	77.2	75.1	70.4	48.9	42.4	35.8	33.7	30.2	24.9	22.4	21.8	18.4	18.0
Manufacturing	15.4	15.4	26.8	49.5	55.4	62.7	65.4	68.6	73.8	76.2	76.9	80.0	81.1
Others	3.2	2.2	1.5	0.8	0.8	1.0	0.7	1.0	1.1	1.1	1.2	1.3	0.7
Re-exports	3.6	1.9	1.3	0.9	0.6	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.2
Total exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 4 4: Export earnings: percentage composition

Source: Dixon, Chris, *The Thai Economy: Uneven development and internationalisation*, 1999, p.5.

Export value and world market share of Thai agricultural products

Products	Year	World Market Shares (% of world exports)	World ranking
Rice	1995	28.2	1
Sugar	1994	7	3-4
Pineapple, canned	1994	48.3	1
Cassava	1994	93	1
Seafood, canned	1994	32.3	1
Fresh prawn, frozen	1994	14.1	1
Fresh seafood, frozen (fish and calamari)	1994	5.7	5-7
Chicken meat, fresh	1994	8.5	4
Rubber	1994	31.3	1
Vegetable and Fruit	1994	3.2	Information not available

Table 4 5: Export value and world market share of Thai agricultural products

Source: adapted from นิพนธ์ พัวพงศกรผลกระทบของการเจรจาอูรุกวัย ต่อสินค้าเกษตรในตลาดโลก และภาคเกษตรของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 69. [Puapongsakorn, Nipon, *The Impact of the Uruguay Round Negotiations on World Agricultural Products and the Agriculture Sector of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 69.]

Geographical pattern of exports (by value)

	<i>1960</i>	<i>1965</i>	<i>1970</i>	<i>1975</i>	<i>1980</i>	<i>1985</i>	<i>1990</i>	<i>1992</i>	<i>1994</i>
USA	13.9	7.0	13.0	11.0	12.6	19.7	26.2	22.4	21.0
EC	14.6	13.0	17.0	14.0	22.2	17.9	21.5	19.2	9.3
Japan	17.8	18.0	26.0	28.0	15.1	13.4	17.2	17.5	17.1
Asian NIEs	20.9	13.6	18.0	18.0	14.9	15.3	15.1	16.8	33.7
ASEAN-5	21.2	17.6	8.0	7.9	8.6	6.5	4.3	3.7	3.1
Asian Socialist	0.2	4.0	8.8	3.4	3.3	2.4	1.8	2.2	4.4
Other	11.4	27.8	9.2	17.7	23.3	24.8	13.9	18.2	11.4
Pacific Asia	60.1	53.2	60.8	55.3	41.9	37.6	38.4	40.2	58.3

Table 4 6: Geographical pattern of exports (by value)*Source: Bank of Thailand*

To show that Thailand was committing to agricultural liberalisation, Thai negotiators offered to reduce the import tariff rates by an average reduction rate of 24%, and to bind 997 tariff lines for agricultural products. Moreover, Thailand committed to open market access for 23 agricultural products through tariffication and to reduce domestic subsidies by 13.3% over ten years.²⁴³ However, Thailand stated that it had no export subsidising policy in place.²⁴⁴

In the realm of agriculture in particular, the agricultural policies at home are conflicting in character. Although Thailand had a vital role in the Cairns Group in supporting liberalisation of agricultural trade, it can be said that not all internal bureaucrats fully supported the liberalisation of agricultural trade. If one examines Thailand's offer to the GATT in 1994 closely enough, it is evident that Thailand did

²⁴³ Department of Business Economics, the Ministry of Commerce, *Thailand's Offer for the Uruguay Round Negotiations on Agriculture*. 1994.

²⁴⁴ See Appendix B for Thailand's commitment from the Uruguay Round.

not fully support agricultural liberalisation either since Thailand also used ‘dirty tariffication’.²⁴⁵ To maintain high levels of protection, Thailand used dirty tariffication for 23 products by converting non-tariff barriers to very high tariff rates by using the high base period. Also, the tariff quota was a very important tool for politicians to use in electoral campaigns with farmers and the system was another factor contributing to rent seeking. Even though Thailand supports agricultural liberalisation, domestic politics still tend to give rise to agricultural protection. In some cases, politicians proposed that Thailand raised export subsidies for some agricultural products, for example rice, and price insurance for agricultural products, which goes against the Uruguay Round agreements.

It is also important to note that, during the time of the launching of the new Round, there occurred another significant trade related event in Thailand, namely a renewal of the GSP and the MFA with the US. The US set conditions for the renewal of the second generation of GSP, which should have been unconditional, for Thailand in 1985-1986. The conditions were: (1) market access for US products, (2) adoption of international labour protection standards; and (3) sufficient and effective intellectual property rights protection. At that time, every party realised that GSP was vital to Thai exports to the US. As a result, the cabinet consented to amend the copyright and patent law on September 10th, 1986.²⁴⁶ In regard to the MFA, the US announced an embargo on Thai textiles export in 1985. As a result, Thailand, driven mainly by

²⁴⁵ นิพนธ์ พัวพงศกร, ผลกระทบของการเจรจารอบอุรุกวัย ต่อสินค้าเกษตรในตลาดโลก และภาคเกษตรของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า VI. [Puapongsakorn, Nipon, *The Impact of the Uruguay Round Negotiations on World Agricultural Products and the Agriculture Sector of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. VI.]

²⁴⁶ เกริกเกริกไกร จีระแพทย์, การเจรจาการค้าระหว่างประเทศของไทย. กรุงเทพมหานคร. บริษัท คู่แข่ง จำกัด, ปี 2539. หน้า 63. [Jeerapat, Kirkkrai, *International Trade Negotiations and Thailand*. Bangkok: Ku Kang, 1996, p. 63.]

business factors, negotiated with the US to eliminate the quota for clothing products. Thailand claimed that the foundation of the US quota was unjust and discriminatory, since the US gave a greater tariff quota to the Philippines, Singapore, and Indonesia.

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To sum up, there were three main objectives and interests Thailand wished to achieve in the Uruguay Round. Firstly, even though it was a hidden agenda, Thailand wanted rules of trade law and the dispute settlement mechanism to be strengthened in order to help developing countries with less market power to cope with pressure from unilateral threats from the trade superpowers. Secondly, Thailand wished to see a halt in the farm war and agriculture more in-line with the GATT rules. Finally, Thailand agreed to negotiate on services, intellectual property rights, and investment, in exchange for the elimination of the textiles quota. As for the objectives and interests of Thailand in agricultural negotiations, Thailand wished to see the termination of the US subsidy on rice, as well as market access for major Thai agricultural commodities such as rice, sugar, and cassava. In terms of chicken exports in particular, Thailand wanted more market access to the EU and Japanese markets.

Thai '*interests*': how?

Saying that one country enters a trade negotiation to defend her interests is easy.

However, it is more difficult to identify what those interests are. Although Thailand is considered as a unit in international trade negotiations, unity is not obvious before Thai interests can be identified. Even within a country, it is difficult to find a common

²⁴⁷ *Ibid.*, p. 83.

position between, say, trade and agriculture ministries, or strong importing sectors and weak suppliers of the domestic market.

Other countries perceived Thailand to be relatively enthusiastic in the Uruguay Round, negotiating from the agenda setting stage. Thai negotiators participated creatively and actively. However, the truth was that the Uruguay Round negotiations did not receive that much attention from domestic constituencies. Thai positions only came from a handful of interested academics and officials. Only a small number of public consultations were held to inform the populace of Thailand's positions.

Due to Thailand's inexperience in multilateral-level trade negotiations, there were a very small number of knowledgeable officials and experts available. At the beginning of the Round, there were merely 18 officials in the department of trade policy and there only 7-8 people were responsible for all the GATT work.²⁴⁸ Meanwhile, in other government organisations, there were no officials to coordinate positions with officials from the Ministry of Commerce.

With the exception of organised commerce and industries like the cotton and textile group who also had to follow the MFA, very little consultation did take place between the government and key domestic non-state actors in determining Thailand's offer in the UR. Surprisingly, the way strategies are formed is not as systematic as would be expected. There are no organisations to oversee the whole process of identifying national interests, studying the options and all the alternatives, and choosing the strategies or tactics. During the Uruguay Round, these processes were studied only by

²⁴⁸ *Ibid.*, p. 26.

those involved in the negotiations directly; and the strategies chosen only reflected the beliefs of trade negotiators from the Ministry of Commerce.

Also, the negotiating skill and initiative of the Thai delegation has traditionally been Geneva-based rather than closely connected with the capital, although it is worth noting that the delegation members were drawn mainly from the Ministry of Commerce. The picture is very similar to that quoted in the work of Narlikar:

In the absence of a workable or particularly useful negotiating mandate, the ambassadors were able to evolve strategies on the spot by drawing upon their sense of the situation, their experience, and the advice of their negotiating colleagues, many of whom were in the same position.²⁴⁹

In the Uruguay Round, Thailand made a lot of effort to participate fully and was very active in all negotiations from the pre-negotiation or consultation stage. In addition, Thailand's positioning had been quite firm and unwavering. Surprisingly, this might be due to the fact that the decision-making process in Thailand had not been faced with pressures from sources such as domestic businesses, politicians, or even NGOs, giving greater autonomy to the delegation in Geneva. In contrast, the negotiating position of developed countries, as well as some developing countries like India and South Korea, was greatly influenced by domestic commercial and bureaucratic lobbies and interests.

²⁴⁹ Sen, Julius (2003) 'Lessons Not Learned: India's Trade Policymaking Process from Uruguay to Doha', Working Paper, Globalisation and Poverty, August, cited in Narlikar, Amrita, and Hurrell, Andrew, 'A New Politics of Confrontation?: Developing Countries at Cancun and Beyond'. Conference paper, European Research Institute, University of Birmingham, November 2005, p. 25.

However, it might also be assumed that Thailand's positioning in the Uruguay Round was a consequence of bilateral pressure, especially in intellectual property issues.

Thailand, like many developing countries, had weak or almost non-existent intellectual property rights laws. Initially, Thailand preferred that intellectual property issues would remain out of the GATT discipline and would stay under the WIPO framework. Certainly, many other developing countries shared the same view.

Nonetheless, the US and other developed countries were insistent, during the Uruguay Round, that developing countries should adopt appropriate protection for intellectual property rights. The US called for measures that would both bring and integrate intellectual property rights into the GATT system. Moreover, the US also demanded the development of what should be a standard for intellectual property protection e.g. compulsory licensing.

Faced with the bewildering scope and complexity of the UR agenda, Thailand had to try very hard to influence the outcome on many issues. Thailand's miniscule trade delegations in Geneva – consisting of less than five trade officials – were overwhelmed by the daunting negotiating agenda, and struggled to keep up with developments in the numerous important areas of parallel negotiations. To note, at the time of the Uruguay Round, there was no permanent ambassador at the WTO, there was only the Office of Commercial Affairs which was under the Department of Trade promotion. However, there was communication with the capital. From the interview, trade negotiators had to send a telex every night to get the positions confirmed and to update on the negotiating processes. Thai positions had to come from the capital. The evidence confirms that negotiating positions and trade policies were still largely top-down.

In general, it might be expected that persons who have authority over major trade negotiations like the Uruguay Round must be very active and work collectively as a team. Yet, looking into Thai politics during that time might prove to be a disappointment. The following observations can be made on Thai politics during the course of the Uruguay Round Negotiations.

Firstly, most ministers in the cabinet, or even the Prime Minister, during that time were not aware of the significance of the GATT or the Uruguay Round negotiations at all. And most Ministers of Commerce were not interested and did not pay sufficient attention to the negotiations.²⁵⁰ The only minister who was concerned to any extent with the Uruguay Round was Mr. Amaret Sila-on.²⁵¹ This reflects that there was a fundamental lack of concern at the domestic level in Thai domestic politics. Additionally, the positioning given to negotiators in Geneva was relatively vague. Nevertheless, this was an advantage for negotiators in Geneva, since it gave them more scope and some autonomy to devise their own position necessary for the negotiations at that time.²⁵²

However, this did not always appear to be the case; Mr. Prajuab Chaivasarn, Deputy Minister of Commerce expressed an interest in the issue. However, some analysts criticised that he had become interested only because it would boost his popularity

²⁵⁰ พิเตอร์ ไมตรี อึ้งภากรณ์, *สามมิติของการเจรจารอบอุรุกวัย*. กรุงเทพมหานคร: สำนักพิมพ์คบไฟ และ สำนักพิมพ์ไฉไล, 2538. หน้า 75. [Ungphakorn, Peter, *Three Dimensions of the Uruguay Round Negotiations*. Bangkok: KobFire and WaiLai, 1995, p. 75.]

²⁵¹ He was not elected as a member of the legislature. He came to the position by being appointed by the cabinet.

²⁵² See Appendix C for the comparison of Thai governments on the interests over the Uruguay Round.

back home. Another analysis was that he was assigned to be in charge of Department of Business economics only because trade was seen to be of secondary importance to other issues in the government.

Secondly, as already discussed, it is obvious that the positioning and the role of Thailand in the negotiations during the Uruguay Round were significantly free from internal political procedures and pressures from private sectors. The sole private sector that was continuously involved in the negotiations was textiles and clothing, which had to follow the quota system of the MFA in any case.

Moreover, it is found in this study that farmers had very small roles in helping to form Thai interests. It was revealed by interviews with farmers, both chicken and prawn, that they have never heard of the GATT, despite being in farming more than 20 years. Although they now know the name 'WTO', they do not know what business is being conducted at the WTO and how it might affect their produce for trade internationally. All of the farmer-interviewees said that the only officials they knew or, in other words, had seen, were the people from the Department of Livestock and Fishery. When asked if they had heard of the Uruguay Round and the Department of Trade negotiations, the answer was as expected. They did not know what the terms were about, let alone how they affected them.

Apparently, this seems to confirm that Thai negotiators based their negotiating tactics on their personal beliefs and judgement on which strategy best served the interests of the Thai economy as a whole. Although Thai negotiators were not faced with direct lobbies and political demands, it does not mean that they could operate without

constraint. Trade policies and strategies should have been in line with the framework that had been predetermined by the cabinet. Therefore, the positioning of Thai delegations was the result of the calculation of domestic political pressures by trade negotiators based in Geneva. The environment that contributes to the framework of policy formulation was very complex. One possible answer to the question why Thai negotiators chose the particular strategies is that they came from an ideational framework. Most of the negotiators were educated abroad and, thus, it is probable that their preference of liberal economic ideas derives from their education.

Lastly, there was no effective communication between ministries, let alone the public. There were feelings among officials that trade negotiations were largely distant from their responsibilities and the agreements would not be relevant to their day-to-day duties. As this was the case, it is undoubtedly understandable that negotiating positions and trade policies in agriculture also came from the Department of Trade negotiations at that time. For instance, the trade negotiators negotiated on fishery products, especially fresh prawns, assuming that prawns were caught in the sea without realising that the prawns which Thailand exported were farmed. Also, despite communication with the Ministry of Agriculture and Cooperatives, it was not sufficiently effective in the formulation of Thai interest and position. This reflects more general deficiencies in the department.

For example, in the case of rice, during the negotiations, Thai negotiators overlooked the fact that the US rarely used direct export subsidies, so called for an Export Enhancement Program or EEP, for rice export. Instead, the US channelled export subsidies through marketing loan programmes. Although subsidies that went through

the marketing loan programme were not considered to fall into the export subsidy category because this programme also affected the US internal market as well, the impact of this marketing loan programme was that the price of rice exports from the US was affected, since rice produced in the US was mostly not for domestic consumption but for export. As a consequence, Thailand did not ask the Cairns Group to negotiate with the US to reduce domestic subsidies, particularly under the marketing loan programme. This miscalculation on the part of Thai negotiators, regarding the US proposal to reduce export subsidies under the EEP within five years and domestic support under the marketing loan within 10 years, resulted in a prolonged realisation of the gain Thailand entered into negotiations with.

The aim of Thai negotiators regarding rice exports from the US was the elimination of subsidies. However, the price of rice on the world market was affected more by the marketing loan than direct export subsidies under the EEP. The issue that received the interest of the Cairns Group most was the US export subsidy under the EEP because it was in the direct interests of Australia, Canada, and Argentina.²⁵³

Overall, Thailand's participation in the UR proceeded virtually without domestic public attention and debate until at least the final stages of the negotiation round. In fact, most businesses became involved only after the implementation period because they were not happy with the results of the agreements. Only then, did businesses start to follow the negotiations and have more interactions with trade officials and negotiators. Later, the Joint WTO Committee was formed by the Board of Trade of

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นิพนธ์ พัวพงศกร, ผลกระทบของการเจรจารอบอุรุกวัย ต่อสินค้าเกษตรในตลาดโลก และภาคเกษตรของไทย. สถาบันวิจัยเพื่อการพัฒนประเทศไทย. ตุลาคม 2539. หน้า 99. [Puapongsakorn, Nipon, *The Impact of the Uruguay Round Negotiations on World Agricultural Products and the Agriculture Sector of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 99.]

Thailand, the Federation of Thai Industries, and the Thai Bankers Association to work with the Department of Trade Negotiations, Ministry of Commerce. This was in part a reflection of a learning process. It was also a demonstration of a growing awareness of the interconnection between global politics and global economics by domestic businesses, which formerly were unaware of how trade agreements could affect the way they do business.

Conclusion

The chapter has examined the political economy of Thailand. By looking at the political nature of Thai domestic politics, the kind of domestic political context in which international negotiators operate can be seen. Also, the chapter looked at the role of agriculture in the Thai political economy, as an indicator of extra interests in agricultural negotiations at the Uruguay Round. The chapter then showed the complex process of how the national interests/positions/objectives of Thailand were derived. Clearly, national interests cannot be taken as given. The process of the formation of national interest is very problematic and complicated. Yet, the notion of national interest is still the main starting point for the choice of bargaining strategy. It is still useful because it also reflects the process of negotiation tactics such as agenda-setting, coalition building and/or unilateral threats.

Chapter 5:

The Case of Thailand: Coalition Building

The preceding chapter examined the extent of the bargaining power Thailand experienced during the negotiations, the level of interest in the negotiations, and the formulation process of the position/objectives. This chapter shows the strategies that Thai negotiators deployed to increase the bargaining leeway of Thailand during the Uruguay Round negotiations. It then goes on to study the plausible strategies and negotiation tactics Thai negotiators used during all phases of negotiation. Finally, the chapter turns its attention to an analysis of Thai strategies, as well as factors which inform the choice of strategies.

The Strategies

The aim of this section is to review and evaluate the trade bargaining strategies of Thailand during the trade negotiations in the Uruguay Round. Clearly, any government involved in negotiations is taking part in a strategic interaction. As a result, any negotiation outcome will depend on how other parties play their cards as well as how one plays one's own. Intended to increase bargaining power, bargaining strategies must be used at all levels, whether by individual officers, collectively with other negotiators, or even with other institutions. As a matter of fact, strategies deployed at the individual level could be classified as tactics, whereas a mixture of tactics could be used in an overall bargaining strategy.

It was a common belief among Thai negotiators that GATT was formed from the objectives of the powerful trading countries. Most of the time, these powerful countries would choose to use the GATT system only when it best served their interests, not for the common interests of all countries as they claimed. As perceived by the Thai negotiators, this may have been an explanation why agriculture and textiles were excluded from the GATT for such a long period of time.

As discussed in the previous section, Thailand's bargaining power in multilateral trade negotiations in the GATT is rather limited compared to other major trading countries. Notwithstanding this fact, Thailand, as one of the smaller emerging powers, tried to overcome bargaining-power shortcomings by deploying a number of strategies and negotiating tactics. As a consequence, the strategies employed were to achieve the objectives (the national interests or the positions in negotiations), as set out in the earlier section. The aims of the strategies were as follows: (1) to increase bargaining power or to make the voice of Thailand louder; (2) to get agriculture onto the table; (3) to pursue the hidden agenda – trade rules being strengthened; and (4) not to be coerced to enter bilateral negotiations to negotiate new issues which were not yet in the interests of Thailand.

Hence, small countries like Thailand had three existing options. The first option was not to cooperate with the GATT system because of not wanting to give in to the powerful countries. However, most people saw this first option as not being viable, since it would bring more damage than gains. The second option was to be unresponsive and indifferent to the system because the effort was believed to be fruitless and unrewarding, no matter how much effort being put in. With regard to this

option, it was not surprising to discover that a few people, including some officials in the Minister of Commerce, found it favourable. The final option was to try to use as much negotiating power to influence the agendas as much as possible rather than doing nothing. This option received a lot of interest from high-rank officials who were responsible for the negotiation. This was because they saw that Thailand had at least some bargaining power, though not enough to easily and effortlessly influence the direction of negotiations.²⁵⁴ The Thai negotiators believed that the reason why Thailand could at least enjoy some bargaining leeway was based on the fact that developed countries wanted to open the Thai market for banking, telecommunication, and investment. This, therefore, created some additional leverage in bargaining.

Before looking into the strategies of Thailand, it might be of importance to address and discuss Thailand's accession process and negotiating behaviour between the failed ministerial of 1982 and the launch of the Uruguay Round in 1986. This is important because doing so would be useful in establishing a necessary assessment of the terms on which Thailand began its life in the GATT. Also, it is important not least because many of the coalitions of Thailand in the Uruguay Round, such as the Cairns Group and ASEAN-based coalition, began to take shape in the pre-negotiation phase of the Uruguay Round.

Although the government of Thailand had considered and explored the question of accession to the GATT roughly for two decades, it was not until the Tokyo Round that Thailand found that it was time to make decision concerning the matter. This is

²⁵⁴ พิเตอร์ ไมตรี อึ้งภากรณ์, *สามมิติของการเจรจารอบอุรุกวัย*. กรุงเทพมหานคร: สำนักพิมพ์คบไฟ และ สำนักพิมพ์ไฉไล, 2538. หน้า 199. [Ungphakorn, Peter, *Three Dimensions of the Uruguay Round Negotiations*. Bangkok: KobFire and WaiLai, 1995, p. 199.]

not only because Thailand saw that major trading partners, and other ASEAN member states, were GATT contracting parties from whom Thailand could benefit more in trading as one of the GATT members, but also because Thailand's trade regime was seen as relatively liberal and broadly in accordance with GATT principles by the Thai government.

Thailand decided to apply for membership of GATT as a provisional member on June 6, 1978, then as a full member on December 22, 1981. At the Council meeting on 22 February 1982, a working party was set up to examine the application of the Government of Thailand to accede to GATT. After application for accession to GATT, Thailand submitted a memorandum on foreign trade regime to GATT contracting parties for consideration. The Draft Decision and the Draft Protocol for the Accession of Thailand was submitted to and approved by the Council which met on 21 July 1982. In the accession process, Thailand conducted tariff negotiations with 7 contracting parties which requested tariff concessions from Thailand, namely, Canada, EEC, Norway, Sweden, Finland, New Zealand and Switzerland.²⁵⁵ Later, Thailand bound tariff concessions on 92 items, which were listed in the schedule of tariff concessions (Schedule LXXIX) annexed to the Protocol for the Accession of Thailand to the General Agreement on Tariffs and Trade. On 21 October 1982, the CONTRACTING PARTIES adopted a Decision that the Government of Thailand may accede to the GATT and the protocol was signed by Thailand on 21 October 1982 and entered into force 30 days later. Thailand became the 88th contracting party to the GATT on 20 November 1982.

²⁵⁵ Trade Policy Division, Department of Business Economics, Ministry of Commerce, *GATT and Thailand*, white paper, 1982, p. 11.

Between the date of becoming a full member and the launch of the Uruguay Round in 1986, Thai negotiators actively participated in meetings. During the pre-negotiation phase, most negotiations or consultations usually took place in the forms of informal gatherings and dinners. Despite the limited number of staffs, Thai negotiators attended most meetings, particularly those under the leadership of Switzerland and Columbia as well as those of ASEAN. This is important because coalitions, which are the key negotiating strategy for Thailand, were formed during this period. From outsiders' perspective, Thailand began its life in the GATT in a very active way. Yet, it is surprising to learn that there was not a seemingly organised system of the formation of bargaining strategies for Thai negotiators during the progression of the round.

While the objectives and the positions of Thailand were ostensibly studied and analysed, the effectiveness and the effect of the strategies used in negotiations were not thoroughly examined. Basically, trade delegates were not made aware of the different strategies or tactics that were available. So, the strategies utilised by Thai delegates stemmed from their belief that, in order to have any chance of Thailand's interests being included in the agreement, they first had to be appear on the agenda being negotiated. Additionally, as already discussed, Thai delegates believed that Thailand, similar to other less developed countries, was at a disadvantage when negotiating with more powerful counterparts. Hence, to increase its bargaining leverage, Thailand had to join coalitions.

Agenda setting

According to Singh, agenda-setting is ‘a process variable to inclusion or exclusion of issues being negotiated’ which is not restricted to the beginning of a negotiation.²⁵⁶

Contrary to a common misperception, agenda-setting takes place throughout a negotiation. Generally, the term agenda-setting used in negotiation literature only indicates the agenda of a negotiation at the beginning— in the diagnostic phase setting stage of negotiations. However, Singh’s focus on agenda-setting does give a more accurate reflection of the agenda-setting process in any given negotiation.

To Singh, agenda-setting refers to big issues included in any trade Round in the macro sense; whereas agenda-setting in the micro sense refers to issues included or excluded during meetings as the Round progresses and as negotiating parties work towards formulas and frameworks.²⁵⁷ Agenda-setting takes place also during the formula phase, defining a zone within which an agreement may be reached, as well as the detail stage at which concessions are made and traded because each negotiation meeting’s agenda may define their shape and scope, even when a formula is already in place and concessions are being traded.²⁵⁸

²⁵⁶ Singh, J.P.P., ‘the evolution of national interests: new issues and North-South negotiations during the Uruguay Round,’ in Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 46.

²⁵⁷ *Ibid.*, p. 46.

²⁵⁸ Negotiation process or phases of negotiation may be identified for analytical purpose. For example, Zartman has classified negotiation into three phases: (1) the diagnostic phase setting the stage of negotiations, (2) the formula phase defining the zone within which an agreement may be reached, and (3) the details phase in which concessions are traded. However, this study has roughly classified negotiating phases into four stages: (1) catalyst, (2) pre-negotiation, (3) negotiation, and (4) post-negotiation/ implementation.

Agenda-setting includes sets of practices deployed to include, exclude or keep the focus on issues. Particularly, three practices – use of popular or attractive frames, degrees of technical and institutional capacity/expertise, frequency of participation in meetings – were valuable for developing countries to influence agenda-setting during the Uruguay Round.²⁵⁹

Empirically, negotiation is an on-going process. There is no such thing as a ‘genuine start’ or a ‘real ending’ to international trade negotiations, which means that negotiations at a technical level resume even after the Round is concluded. By the same token, before the Uruguay Round negotiations officially began, it had taken countries more than four years to agree on the objectives for the negotiations and decide the way in which the negotiations should be organised.²⁶⁰ Thai delegates actively participated in this process, believing that waiting until later development in the Round would be too late to have any influence on the agendas. As it happened, small informal meetings and consultations had been conducted for at least two and a half years and the pre-negotiation process took over a year before the formal negotiations began in September 1986 with the launch of the Round at Punta del Este, Uruguay. Only a month after the Marrakesh declaration, negotiations resumed because there were too many details left to discuss; and negotiations are still the prime activities at the GATT/WTO.

²⁵⁹ Singh, J.P.P., ‘the evolution of national interests: new issues and North-South negotiations during the Uruguay Round,’ in Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 46.

²⁶⁰ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 137.

The fact that Thailand was very active and frequently participated in meetings, both formal and informal like dinners and other social gatherings from the pre-negotiation phase of the Uruguay Round, resulted in the increase of Thailand's influence on agenda setting in the negotiations, as well as more of the positions or interests of Thailand being included in the Final Act. However, it is acknowledged that the burden of attending all these meetings overloaded the capacity of the three staff members based in Geneva at that time. Although this was changed after the Uruguay Round and the number of permanent officers based in Geneva has increased, some negotiators admit that the increase in the number of officers does not translate to an increase in bargaining power. This is due to the confusing bureaucratic systems and procedures at the capital, which requires the number of officers to jump from three to twelve because it would be very difficult to gain approval from the cabinet to increase the number of officers later on. Moreover, it is sadly accepted among negotiators that most officers who are granted permanent posts at the WTO do not see the big picture or understand fully how negotiations are being conducted at the WTO until they are posted there. There has not been proper training provision or tutorials for trade representatives or legal officials involved in the GATT/WTO. This illustrates that Thailand lacks specialists in all relevant issues being negotiated. Concerned with language barriers and the less opinionated norms of Thai culture, one negotiator even disappointingly admitted that 'all of 12 Thai negotiators cannot be compared to and cannot work as efficiently as those 5 negotiators from Singapore.'²⁶¹ She expressed concerns that most Thai negotiators lack self-confidence regarding English language speaking ability, as well as that Thais, in general, lack assertiveness in expressing opinions. This becomes even more obvious when one is required to express an

²⁶¹ Interview, Miss Chutima Bunyapraphasara, Commercial Advisor, the Ministry of Commerce, September 2005.

opinion, especially in English. Hence, it is felt that language barriers and the less opinionated norms of Thai culture affect the efficiency of Thai negotiators in international negotiations.

As already discussed, most contentious issues in the negotiations of the GATT required small meetings to solve disputes and disagreements, known as the Green Room. Although the Green Room process has been extensively criticised for its exclusivity by the developing countries, Thai negotiators worked very hard to gain an invitation to participate in the small meeting rooms. This can be seen as another attempt to take part in the agenda-setting process, rather than being a bystander and becoming agenda-takers. In fact, the chance to be invited to join these small meetings depends entirely whether the chairman of that particular meeting ‘sees’ that country or not. The activity of Thai negotiators, as well as the fact they were a representative of ASEAN in the Cairns Group, gave rise to Thailand being called to participate in agriculture negotiations in the ‘Green room.’²⁶² It is crucial to note that Thailand became a representative of ASEAN in the Cairns Group because the other ASEAN members of the group – Malaysia, Indonesia, and the Philippines – were not so eager and favoured liberalisation in agriculture like Thailand and their main focus was more on tropical products, since plant oil was categorised as a tropical product in the UR. As stated earlier, these countries chose to join the Cairns Group because the ASEAN members wanted to convey group solidarity to the international community; and also

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these countries wanted to please Thailand as good neighbours.²⁶³ Nevertheless, with this significant role in the Cairns Group, Thailand succeeded in receiving invitations to join small, important meetings. However, in cases where Australia participated in smaller agricultural meetings as a representative of the Cairns Group, Thai negotiators were unlikely to join the meetings. Nonetheless, Thai negotiators felt assured that at least the interests of Thailand would be defended in the most contentious issue, namely agriculture, although they did realise that Australia could not completely represent the interests of the whole group's members

Although agenda-setting is a necessary strategy, it is not a sufficient condition for ensuring concessions to oneself in negotiations. Once an issue is on the agenda, other negotiation tactics or strategies must be simultaneously used. Coalition-building with important players or around particular issue-areas can effect concessions.

Coalition Building VS Unilateral Threats

Unilateral threats or unilateral trade measures can be used as bargaining strategies, both to get the agenda on the negotiating table and to keep the agenda on the table. Yet, smaller market size makes it ineffective for developing countries to use threats of retaliation. On the contrary, retaliation measures taken by larger economies can easily cause severe damage to a smaller economy.

By the same token, decisions are made by consensus in the GATT. The term consensus implies equity in the decision making process. Nevertheless, a consensus is

²⁶³ Interview, Miss Chutima Bunyapraphasara, Commercial Advisor, the Ministry of Commerce, September 2005.

actually defined to mean that every member either assents or remains silent.

Theoretically, even a weak state has the authority to block a consensus, which could be seen as a tactic to shift the outcome in its favour. In actual fact, however, the idea that a small developing country alone could block a consensus is simply an illusion since its credibility will be low. A threat by one small trader alone is less likely to be believed in general. Also, if a developing country blocks a consensus on one issue, it is likely that others will be inflexible on other issues; and this will result in a deadlock, which will cause the entire weight of the whole organisation to bear down on that country. Besides, less developed countries are also less able to afford to make side payments in case of no agreements. In contrast, the powerful countries generally have far better alternatives to an agreement. Due to the virtue of their market size, technological advancement, global corporations and domestic political stability, this leaves developing countries vulnerable to discriminatory trade policies adopted by their major trade partners.²⁶⁴

All developing countries are aware of their vulnerability to pressure inside and outside the organisation and their need for agreement on other issues. Forming a coalition is, therefore, a tactic or a strategy designed to increase their credibility. Yet, coalitions often require compromises. Delegates must think strategically about the country's interests and link them with those of the others.

The presence of multiple issues and actors at the global level offers more alternatives to negotiators than if the talks are bilateral and concentrated around one issue.

²⁶⁴ Singh, J.P.P., 'the evolution of national interests: new issues and North-South negotiations during the Uruguay Round,' in Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 219.

Evidently, small countries were not able to use bilateral negotiation as another way to gain leverage in bargaining power in the GATT. Their trade was highly reliant on exports to industrialised countries' markets, and the US and the EU market in particular. Several issues in a negotiation allow for more opportunities for coalition-building and agenda-setting. Moreover, multiple actors allow for more options to arise from the coalitions than might originally be suspected.²⁶⁵

Throughout the Uruguay Round negotiations, small countries repeatedly reiterated the virtues of non-discrimination because of the insurance it ought to provide against selective treatment by big countries. Nevertheless, the reality looked somewhat different. Repeatedly, developing countries were pressured to make concessions bilaterally to larger powers on matters such as intellectual property protection and to agree to Voluntary Export Restrictions (VERs).²⁶⁶ The US was employing a two-track approach as trade strategies. US 301 was used in parallel with GATT negotiations for trade liberalisation in trading partner countries, especially developing countries, while maintaining its own protection at home; it was the weapon the US used outside the GATT umbrella. Actually, the final stage of the Uruguay Round demonstrated the developing countries' lack of leverage as it became a US-EU bilateral negotiation with the results unveiled to the others only days before the deadline.

In the case of Thailand, tension increased when the US bilaterally threatened to use measure 301 and cut down the relative merits of GSP if Thailand did not adopt and implement intellectual property rights protection. Likewise, in the absence of

²⁶⁵ *Ibid.*, p. 48.

²⁶⁶ Whalley, John and Hamilton, Coleen, *The Trading System After the Uruguay Round*. Washington DC: Institute for International Economics, 1996, p. 32.

bargaining power, Thailand could not use unilateral measures such as the US 301 – disguised trade-distorting measures - like the major trading countries. Although Thailand is a major agricultural exporting country, Thailand's exports are highly dependent on the markets of industrialised countries, namely the EU, the US, and Japan. Most of the time, unilateral actions, for instance, US 301, super 301, special 301, and VER were being used against Thailand. For this reason, Thailand could not use unilateral measures as a weapon in trade negotiations outside the GATT, since they would bear no consequence and be too insignificant and too costly. To draw on strategic realism, in order to use economic threats effectively, one nation must possess adequate economic power and domination.

Hence, coalitions became important for developing countries, not only because they facilitate a sharing of resources like markets, but also because of other kinds of resources such as representatives, research, and lobbying skills.²⁶⁷ It is true that the limitations of bargaining power of developing countries are mostly rooted in domestic factors, but coalitions present an external strategy of at least alleviating some of the effects of these domestic deficiencies.²⁶⁸ From the Thai negotiator's point of view, it was wiser to present demands through coalitions because they would enjoy greater legitimacy and attention than those presented by lone countries. Coalitions allow a pooling of organisational resources, and enable countries with ill-defined interests to avail themselves of the research efforts of allies and a possible country-wise division of research and labour across issue areas.²⁶⁹ Therefore, the delegates attempted to

²⁶⁷ Narlikar, Amrita, *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*. London: Routledge, 2003. p.15.

²⁶⁸ *Ibid.*, p. 14.

²⁶⁹ *Ibid.*, p. 14.

strengthen the bargaining positions by forming coalitions with like minded countries. Additionally, as illustrated previously, the Thai negotiators aimed to increase their bargaining power, out of frustration, by joining coalitions as a first priority, especially in trade negotiations; they felt that they had no other viable option.

Moreover, coalition strategy seems to serve another purpose altogether. In the effort to avoid bilateral pressure and to avoid upsetting the superpower trading counterparts, coalitions somehow yielded Thailand a cushion against the superpowers. It is vital to view multilateral negotiations in the structure of global trade politics, since multilateral trade negotiations are not stand-alone occurrences. Hence, it came as no surprise when one of the trade negotiators revealed that Thailand did not want to be seen as a bad boy or a hard liner in the GATT by blocking negotiations like Brazil or India.²⁷⁰ Compared to India or Brazil, Thailand's bargaining power was relatively small. In addition, Thai negotiators believed that it would not be wise for Thailand not to consider that there were also negotiations at the bilateral level at the same time, notably with the US. If Thailand had been seen as a bad boy at the GATT, they would easily have become a target for future retaliation or target for GSP withdrawal. Predictably, Thai negotiators sought to increase Thailand's bargaining power by joining coalitions.

By joining coalitions, Thailand was able to influence the agenda of the negotiations from the start of the Round through more channels and they were very active in joining all the pre-round negotiations. This stemmed from the hard lesson that Thailand, as well as other developing countries, learned from the Tokyo Round. After

²⁷⁰ Interview, Mrs. Sirinart Jaiman, Director-General, Department of Trade Negotiations, Ministry of Commerce, September 2005.

the Tokyo Round, there was criticism that developing countries did not participate fully in the negotiations. Developing countries were not happy with the Tokyo Agreements, since they felt that they merely took on the rules without helping to shape them.

In the Tokyo Round, Winham concluded that the contracting parties finally reached agreements, even though its coverage was quite sophisticated due to the pyramidal quality of the negotiations.²⁷¹ Winham compares the negotiations in the Tokyo Round with a pyramid because powerful countries, namely US, the EU, and Japan, first met and agreed with each other. Then, they slowly brought in other countries, middle power and developing countries respectively, in order to make the negotiations multilateral.

Coalitions that Thailand joined during the Uruguay Round were the Café au Lait during the pre-negotiation phase, the ASEAN and the Cairns Group. Thailand chose to attach priority to the Café au Lait group, under the joint leadership of Colombia and Switzerland, during the pre-negotiation period because it saw potential linkages could open up in key areas if new issues like services were used as a bargaining chip.²⁷²

With its openness to negotiation and the research oriented nature of the group, the Café au Lait was an issue-based coalition which brought together both developed and

²⁷¹ พิเตอร์ ไมตรี อึ้งภากรณ์, *สามมิติของการเจรจารอบอุรุกวัย*. กรุงเทพมหานคร: สำนักพิมพ์คบไฟ และ สำนักพิมพ์ไฉไล, 2538 หน้า 115. [Ungphakorn, Peter, *Three Dimensions of the Uruguay Round Negotiations*. Bangkok: KobFire and WaiLai, 1995, p. 115.]

²⁷² Interview, Chutima Bunyaprapassara, September 2005.

developing countries with common interests.²⁷³ The achievement of the group was that its draft provided the blueprint for the Punta del Este declaration. Once the issues of services and new issues in the pre-negotiating phase were dealt with and the relevance of the group was somehow diminished, Thai negotiators still actively participated in the group. This is evident in the fact that they subsequently joined the Hotel de la Paix group. The name of the group was derived from the name of the hotel in Geneva where the monthly meeting was held. As a consequence, the Café au Lait was seen as an agenda-moving coalition, whereas the ASEAN and the Cairns Group were seen as proposal-making and negotiating ones.

While the role of the Café au Lait was diminished, the Thai delegations placed priority on the ASEAN and the Cairns Groups. The Thai government concurrently chose to work with ASEAN because they had been in close contact for a rather long period of time. In contrast, the reason why the Thai negotiators joined the Cairns Group, however, derives from the agricultural focus of Thailand. Thailand chose to advance its position in agricultural liberalisation through the Cairns Group because rice, the most important good of Thailand, was categorised as a temperate product in the Uruguay Round. Hence, it was sensible to channel its vigour in agricultural liberalisation through the Cairns Group, since the focus of the group was more on agriculture in general, while ASEAN focused more on tropical products. The reason why ASEAN put priority on tropical products was because, apart from Singapore who

²⁷³ Narlikar, Amrita, *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*. London: Routledge, 2003, pp. 94 -104.

did not have an interest in agricultural issues, most of the members' main goods were oilseeds plants, particularly those of Malaysia and the Philippines.²⁷⁴

ASEAN

At the end of World War II, European states and colonies in Asia tried to end their separation from one another and tried to develop contacts with the neighbouring countries. Despite being forced into treaties by Britain, Thailand, as the only un-colonised nation in Southeast Asia, tried to forge new relationships in the region. Thai diplomats and statesmen advocated independence for every nation and the formation of regional cooperation. However, the time in the years soon after the war was not perfectly ripe for regional formation. On 8th August 1967, the Bangkok Declaration announced the establishment of the Association of South-East Asian Nations (ASEAN), comprising the original ASEAN five, namely Singapore, Malaysia, Thailand, Indonesia, and the Philippines. In 1984, Brunei Darussalam became independent and joined ASEAN. After being invited as an observing guest in the ASEAN Ministerial Meetings (AMM), Vietnam, Laos, Cambodia, and Myanmar later became members of ASEAN.

The history of ASEAN is long and the role of ASEAN in the international security sphere has been interesting. However, the role of ASEAN in international trade negotiations only started when the ASEAN Geneva Committee (AGC) was formed in 1973 to coordinate the position of members in the GATT.

²⁷⁴ พิเตอร์ ไมตรี อึ้งภากรณ์, *สามมิติของการเจรจารอบอุรุกวัย*. กรุงเทพมหานคร: สำนักพิมพ์คบไฟ และ สำนักพิมพ์ไฉไล, 2538 หน้า 145. [Ungphakorn, Peter, *Three Dimensions of the Uruguay Round Negotiations*. Bangkok: KobFire and WaiLai, 1995, p. 145.]

Even though ASEAN was regarded as a disappointment as a regional integration scheme, it is, however, deemed very successful as a trade coalition in the GATT/WTO, particularly since its active participation in the pre-launch phase of the Uruguay Round. Members divided up assignments for coordinating WTO issues among themselves. Thailand was responsible for dealing with agriculture. Indonesia was assigned to deal with textiles issues. Meanwhile, Malaysia and the Philippines was coordinating work on tropical products. Singapore took responsibility for trade rules²⁷⁵ (Brunei had not become a GATT Contracting Party at that time). Despite the fact that, since the pre-launch phase of the Uruguay Round, the ASEAN had in some respects come to resemble the EU in the WTO, in the sense that one negotiator speaks on behalf of its individual members, at the time of the Uruguay Round the ASEAN Geneva Committee (AGC)²⁷⁶ operated more as a joint platform for its members to exchange information rather than acting as a joint bargaining platform to come up with a unified stance.²⁷⁷ Nevertheless, there have been times when members have presented coordinated proposals under the name of the ASEAN.

²⁷⁵ พีเตอร์ ไมตรี อึ้งภากรณ์, แกคต์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจขึ้นของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 72. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 72.]

²⁷⁶ The ASEAN Geneva Committee (AGC) was formed in 1973 to coordinate the position of members in the GATT. The ASEAN Geneva Committee officially meets at least twice a year. It also holds informal weekly meetings at the ambassador level in the WTO. Since the 1980s, the ASEAN has tried to present a coordinated stance in multilateral trade negotiations.

²⁷⁷ พีเตอร์ ไมตรี อึ้งภากรณ์, แกคต์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจขึ้นของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 72. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 72.]

Furthermore, the group has been an avid supporter of multilateralism. As such, the ASEAN coalition has resembled the Cairns Group in putting forth a positive agenda that conforms to the general liberalising stance of the GATT. In the eyes of outsiders, the ASEAN has enjoyed a very good image as a trade coalition and a regional institution which can utilise its bargaining power to commonly pursue similar interests.²⁷⁸

As for coalitions, ASEAN is seen as a priority in the mind of Thai trade negotiators. This is because of the geographical proximity and the similar level of economic and social development. Also, ASEAN can provide Thailand with raw material, labour, and a market for export goods. More importantly, the closer economic integration of ASEAN will bestow Thailand with additional bargaining power.²⁷⁹

The Cairns Group

Since both the EC and the United States had been persistent in either blocking or ignoring the GATT dispute settlement on agricultural issues, the result was the collapse of food prices in the 1980s. As a result, other agricultural exporting countries faced substantial and continuing deterioration in their terms of trade with no effective opportunity for redress. The ensuing trade war between the EC and the United States provided the stimulus which brought many countries together to form a coalition of comparatively efficient agricultural exporting countries. One good example of such a coalition, overcoming the developing country solidarity barrier for the first time, was

²⁷⁸ Narlikar, Amrita, *International Trade and Developing Countries: Bargaining coalitions in the GATT&WTO*. London: Routledge, 2003, p. 159.

²⁷⁹ www.thaifita.com/ThaiFTA/Portals/0/InterTrade10.ppt - 'International Trade: Policy choices for Thailand', policy document, the Department of Trade Negotiations. Accessed May 2006.

a group of fourteen traditional agricultural exporters that sought significant liberalisation. This coalition, aiming to achieve desirable outcomes in agriculture negotiations, was called the Cairns Group. The key point is that it was the first time that agricultural exporting developing countries allied with a number of industrial and centrally planned economies to advance a common aim, namely to keep agriculture on the agenda for the Uruguay Round. The Cairns Group's objective was to gradually attain free trade in agricultural commodities, eliminate production distortions, and ensure that binding undertakings were made to this effect. This aim was more directed towards industrial countries because they generally distorted their economies in ways which offer substantial net assistance to agriculture. In contrast, the policies of Cairns Group countries tended to offer comparatively little support to their agricultures. Yet, it is essential to note one exception to this generalisation. This important exception was Canada, which offered high rates of assistance to its dairy and livestock sectors.

The Cairns Group was formed out of frustration among comparatively efficient agricultural exporting countries over a series of changes in the conduct of world agricultural trade over which they, as individual countries, could have no influence. The Group initially comprised fourteen countries from five continents: North America, South America, Europe, Asia, and Australia, and three of which were members of the OECD, namely Australia, Canada, and New Zealand. Four members from the ASEAN were Thailand, Malaysia, Indonesia, and the Philippines. Five developing countries from South America were Argentina, Brazil, Chile, Columbia, and Uruguay; while Hungary was the former centrally controlled economy from Eastern Europe and Fiji was from the Pacific Islands. Currently, however, the Cairns Group consists of the following eighteen members: Argentina, Australia, Bolivia,

Brazil, Canada, Chile, Columbia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Philippines, South Africa, Thailand, and Uruguay.²⁸⁰

The initial concern of the group was to keep agriculture on the agenda for the Uruguay Round. As for Thailand, the main focus was on the new US Farm Act 1985 or the Food Security Act that came into effect in April 1986, which increased the subsidies for rice, threatening Thailand's exports. However, the overall concern of the Cairns Group revolved around the issues of export subsidies and all forms of trade barriers to agricultural products. For instance, the products that received special attention from the group members were beef (Argentina, Australia, Brazil, Canada, and Uruguay), lamb (New Zealand, Australia, and Argentina), wheat and grain (Argentina, Australia, and New Zealand), sugar (the Philippines, Thailand, Fiji, Brazil, and Argentina), rice (Thailand and Australia), flowers (Chile and Columbia), and vegetable oil and oilseeds (Malaysia and Brazil).²⁸¹

In its original declaration, adopted in Cairns in 1986, the Group committed itself to working collectively to ensure the inclusion of agriculture in the Round. Also, the group committed itself to liaising with other affected developing country groups and interests.²⁸²

²⁸⁰ <http://www.cairnsgroupp.org/map/index.html> - Member countries. Accessed May 2006.

²⁸¹ พิเตอร์ ไมตรี อึ้งภากรณ์, *สามมิติของการเจรจารอบอุรุกวัย*. กรุงเทพมหานคร: สำนักพิมพ์คบไฟ และ สำนักพิมพ์ไฉไล, 2538 หน้า 137. [Ungphakorn, Peter, *Three Dimensions of the Uruguay Round Negotiations*. Bangkok: KobFire and WaiLai, 1995, p. 137.]

²⁸² Tyers, Rod, 'The Cairns Group Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.99.

The strength of the Cairns Group was sustained during the Round by the continuing trade war between the EC and the United States which further impaired their terms of trade.²⁸³ The Group tried to have a significant influence on the conduct of the Round by denying the EC and the United States the opportunity to come to terms bilaterally in a way which could harm the interests of other exporters. Moreover, the new importance of developing countries in other aspects of the Round, especially in the negotiations on services trade and on intellectual property rights, also helped the group in sustaining their strength and significant role. However, despite their collective power, in many agricultural markets they also recognised that their interest lay in a more complete subjection of agricultural trade to the GATT disciplines to the outcomes of a successful Round.

More often than not, a conciliatory approach was sought by the Cairns Group during the course of the Round. Nonetheless, frustration over the continuing trade war accumulated as the Round proceeded. Actually, the apparent intransigence of the EC led the position of the Cairns Group away from the middle ground and towards that of the United States.²⁸⁴ Thus, it is not surprising to see that the final proposals of the Cairns Group resembled those of the United States, seeking extensive tariffication and a 75 per cent reduction in support rates. Both proposals by the US and the Cairns Group persisted with separate consideration of export subsidies and guaranteed access limits for exporters in markets such as that of the EC. Again, the EC offered a comparatively modest commitment to reduce support, without specifying the ultimate rate to be achieved. In addition, a compromise offered at the meeting by the US and

²⁸³ *Ibid.*, p.108.

²⁸⁴ *Ibid.*, p.100.

the Group was rejected by the EC, leading to the Cairns Group withdrawing from negotiations in all areas. Given the importance of the developing countries in the Cairns Group to the negotiations on services trade and intellectual property rights protection, this effectively prevented the conclusion of the entire Round.²⁸⁵ Once again, the Cairns Group indicated its unwillingness to settle for a weak compromise on agriculture. Without an agricultural component, all other parts of the negotiations were put on hold.

In the final stages, no matter what role the Cairns Group had played during the Round, agreement on agriculture remained dependent on a success in bi-lateral negotiations between the United States and the EC. Those negotiations, concluded in Washington in November 1992, fell far short of the Cairns Group's proposals during the Round. Apparently, the effects of the negotiations would mainly rest on the unilateral reforms of the CAP.

The Group had been aided by the new importance of developing countries in other aspects of the Round, namely negotiations on services and intellectual property rights. The developing countries in the Cairns Group were able to make progress in these areas, conditional on progress in agriculture. In the final stages of the Round, however, agreement on agriculture depended on success in bilateral negotiations between the United States and the EU. Nevertheless, the Cairns Group established itself as a serious player in the game, acting as both a proposal maker and a blocking coalition. However, at times the position of the Cairns Group of agricultural exporting

²⁸⁵ *Ibid.*, p.101.

countries was criticised as being too close to that of the US, although less extreme, to play a mediating role.²⁸⁶

As stated earlier, the outward move of Thai negotiators was in agriculture and it could be anticipated that Thailand would be very active in one of the key agriculture coalitions in the Uruguay Round, namely the Cairns Group. Evidently, the fact that Thailand hosted the 14th official trade meeting in Pattaya in July 1986, in order to form the Cairns Group clearly shows Thailand's vigorous effort to influence the outcome by utilising bargaining strategy – via a coalition - to achieve it.

To strive for agricultural liberalisation through the group, Thai negotiators chose to work closely with Australia to counter the effort by the EU for agriculture to be left out of the negotiations. Thai negotiators also acted as the coordinator for the ASEAN members in the Cairns Group and participated in negotiations concerning agriculture ranging from small to decision-making negotiations.²⁸⁷ Thailand exploited the Cairns Group to achieve the objectives of agricultural liberalisation by participating actively in the agenda-setting process within the group.

In addition to being very active in the Cairns Group, Thailand also helped to create more bargaining weight for the group by persuading another three ASEAN countries, Malaysia, Indonesia and the Philippines, to join the group. Actually, the three countries were not so keen on joining the Cairns Group because Malaysia was more

²⁸⁶ Ingersent, K.A., Rayner A.J., and Hine R.C., 'The EC Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.63.

²⁸⁷ เกริกเกริกไกร จีระแพทย์, การเจรจาการค้าระหว่างประเทศของไทย, กรุงเทพมหานคร, บริษัท คู่แข่ง จำกัด, ปี 2539, หน้า 22.
[Jeerapat, Kirkkrai, *International Trade Negotiations and Thailand*. Bangkok: Ku Kang, 1996, p. 22.]

interested in oilseed, tropical products and market access while Indonesia and the Philippines in fact wanted to protect their agricultural sector. Nevertheless, they later joined the group because there was an informal accord between Thailand and these countries that if they backed up Thailand on this issue, Thailand would reciprocate on the other issues that these countries favoured. By the same token, the fact that these countries joined the Cairns group can be seen as an effort to maintain unity within the ASEAN.²⁸⁸ The logic that underlay this strategy of Thai negotiators is that if Thailand could persuade other countries to join the Cairns Group, it would illustrate its very active leadership role within the group. It was believed by Thai negotiators that this affected Thai clout within the group by leading with a louder voice and Thailand's proposals having more weight. At the same time, this illustrates the active role of Thailand not only in the Cairns Group but also in the ASEAN as well.

Conclusion

It is true that the meaning of strategy often shifts according to the goal sought. Yet, it is equally crucial to recognise the negotiation behaviours of state actors in trade negotiations in order to understand the negotiation processes and, hence, outcomes in order to be able to improve or gain the desired outcomes. The above illustration demonstrates the dynamic of the formulation of the bargaining strategy of Thailand, which is undeniably a very complex process.

The underlying principle in negotiation is an attempt to do better than the status quo.

²⁸⁸ พีเตอร์ ไมตรี อึ้งภากรณ์, แกดด์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 71. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 71.]

All parties enter negotiations with the same rationale. Thus, an easy option in bargaining is to be defensive. No party likes to accept a deal that worsens the status quo. To maintain the status quo, an easy option would be that 'no deal is better than a bad deal'. Hence, finding a compromise that will benefit or be acceptable to all member countries is much more difficult. This is because it is very difficult to even start with the first step which is to identify one's own interests. To move forward by identifying what others can accept as well as take, in other words to reach a consensus, proves to be much more time consuming and complex than might first be expected.

This chapter examined the strategies Thai negotiators used during the course of the negotiations. The limited awareness of the importance of the GATT by the public led to the formulation of bargaining strategy being heavily contingent on a small group of officials from the Ministry of Commerce. Guided by their experiences and personal beliefs, the strategy aimed to achieve the liberalisation of agricultural trade, as well as strengthened trade rules in the global community. The important role of agriculture in the Thai economy, as well as in Thai exports, significantly contributed to the issue being one of the priorities Thailand wished to pursue in the negotiations.

As a result of a small-sized market, Thailand enjoyed less bargaining power in economic negotiations when compared to counterparts with a larger market like the US and the EU. Negotiation tactics and strategies such as agenda-setting and coalition-building allow Thailand and other developing countries alike to affect gains and outcomes by altering interests and making available agreeable alternatives to negotiators. Unilateral actions by Thailand would not pose much threat to other strong

trading partners, since they carried little weight and credibility. Therefore, agenda-setting and coalition-building seemed to be the most viable option for Thailand; and Thai negotiators exercised this strategy extensively during the Uruguay Round period because they believed that to monitor and to participate carefully in agenda setting would increase Thailand's gains. With regards to coalition, Thai delegates worked closely with the ASEAN and the Cairns Group. They chose to work closely with the ASEAN because of the regional context to the negotiations. The Cairns Group offered more bargaining leeway for Thailand in agriculture, an issue that was at the top of the list of priority due to the significance of agriculture to the Thai economy as a whole.

Finally, the chapter analysed the strategies Thailand deployed by using the framework of John S. Odell. By giving objective descriptions of negotiating strategies as behaviours that can be observed, Odell classifies strategies into two main ideal types: distributive or value-claiming and integrative or value-creating. He argues that to reduce the risks of each pure type, a given party can blend tactical elements from each pure type to create a mixed strategy, which in most conditions would benefit more and lose less.

Based on the assumption of bounded rationality, Thai negotiators lacked not only complete information, but also the ability to perform computations on the best strategies, which were needed to optimise the outcome. As a consequence, the analysis of Thai strategy seemed to convey that Thai negotiators did not see all actions taken at all levels of international trade negotiations as a set of strategy.

Influenced by the context of negotiations, particularly the bilateral pressure from the US, negotiators' beliefs, as well as the structure of domestic politics, the bargaining strategies selected by Thailand utilised tactical elements from both ends of the spectrum of the ideal types. At the bilateral level when negotiating with stronger partners, Thailand had to resort to some defensive distributive tactics like delays and more integrative tactics. However, Thailand yielded concessions more than applying other tactics. At the multilateral level, Thailand seemed to use a more balanced mix than at the bilateral level. Framing issues in line with the GATT and proposing a formula for cutting all tariffs, including those of Thailand's, thus embodying such an exchange of concessions, demonstrates the use of integrative tactics. Joining coalitions was a strategy that can be seen as belonging to both camps.

Chapter 6:

Outcome of the Uruguay Round

In order to evaluate the effectiveness of a given strategy used in a trade negotiation by one party, the outcome or agreement of that trade negotiation must be examined to see if it yields a gain or a loss relative to the status quo of that party before the negotiation begins. The previous chapter explored the objectives Thailand wished to achieve from the Uruguay Round negotiations. Also, the strategies Thailand and Thai negotiators employed to attain the mentioned objectives have been discussed. It is very crucial to note that looking at the outcome or the agreement of the negotiations is to evaluate the effectiveness of the bargaining strategy, not to assess whether the objectives are actually achieved. Bargaining strategies can merely directly or indirectly impact the final agreements or the rules written, not how the rules are implemented or whether the result of the implementation is favourable or not. Firstly, the chapter looks at the outcome of the Uruguay Round negotiations in general. Then, it examines the outcome of the agriculture negotiations in particular, namely, the Agreement on Agriculture.

The outcome of the Uruguay Round negotiations – the Final Act

The outcome of the time-consuming process of trade negotiations in the Uruguay Round was a final document comprising more than 26,000 pages, weighing more than 170 kilograms including final text, tariff schedules and other details. The terms of the

Uruguay Round agreement are contained in a document entitled the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations. This section summarises some of the key decisions agreed upon at the final ministerial meeting in Marrakesh in April 1994, which came into effect on January 1st, 1995.

In the Tokyo Round, developing countries focused on asking for special and differential treatment. For instance, they wanted to be exempt from import taxes imposed by developed countries. All the evidence suggests that developing countries had a very small role in helping form the main agreement of the Tokyo Round. However, the world has seen the transformation of the role played by developing countries in the Uruguay Round of multilateral trade negotiations. There were two main factors contributing to this. Firstly, some newly industrialised countries in East and Southeast Asia led through the example of relying more on policy reform, exports, and monetary and financial disciplines to avoid inflation and debt than trade intervention. Equally importantly, developing countries realised that insisting on special treatment and preferences was no longer working effectively because the grant of preferences heavily relied on the willingness of industrialised countries to make concessions. Since developing countries had too little bargaining power, decisions on which developing countries would be granted preferences were mostly dealt with bilaterally, not multilaterally. As a consequence, developing countries' exporters had less bargaining power when compared with the industrial countries' importers. The only bargaining tool that developing countries had was to refuse to sign the agreements. While small countries repeatedly reiterated the virtues of non-discrimination because of the insurance it should have provided against selective treatment by powerful countries, the reality looked somewhat different. Throughout

the 1980s, many developing countries were repeatedly pressured to make concessions bilaterally to developed countries on such matters as intellectual property protection and VERs. Hence, small and medium sized countries, including Thailand, started to feel that their tool – of not signing the agreements - would not be so effective and that the trading system was in desperate need of rules that could protect them from arbitrary bullying by the powerful countries.²⁸⁹

Developing countries left the Tokyo Round, and indeed all Rounds preceding it, feeling that the final agreements reflected the agenda of the industrialised countries. As a result, in the pre-negotiation phase of the Uruguay Round (1982-1986), developing countries were divided into two sides. The first group was led by India and Brazil. Its negotiation position was clearly simple: members would block the opening of a new trade Round until traditional issues of standstill and roll back were attended to, plus resisting the inclusion of new issues. However, the ASEAN and some Latin American countries agreed to the new Round because they wanted to express the voice of smaller developing countries in setting the negotiation agenda. During the course of the negotiations, the hard liners like Brazil and India shifted their positions. The final outcome of the Uruguay Round was that it was the first time all the signatories agreed on the final text. The completion of the Uruguay Round was the first to squarely address agricultural trade. Also, the outcome of the negotiations was the Final Act that agreed to set up the WTO in 1995. Although the outcome was achieved later than expected, it was still hailed as a success. ‘The Final Act which brought together the various agreements reached in the Uruguay Round and provided

²⁸⁹ พีเตอร์ ไมตรี อึ้งภากรณ์, แกตต์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 24. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 24.]

the charter for the establishment of the World Trade Organisation (WTO) is highly significant in reinforcing the architecture of the world trading system and extending its coverage.²⁹⁰

As noted earlier, the process of multilateral trade negotiations is an on-going one. It is therefore unsurprising that technical-level negotiations resumed in Geneva only a month after the closure of the Uruguay Round in Marrakesh. This posed a challenge for the resource and personnel capacity of many countries, particularly smaller ones. The picture of the on-going process of trade negotiations is stressed here in order to emphasise that the Uruguay Round agreements were not the final and complete outcome of the negotiations in themselves. It was the outcome of attempts from most parties, if not all, to improve the status quo.

Mainly, the Uruguay Round produced agreements and decisions reached in four main areas:²⁹¹

- Improved market access through tariff reductions, including agriculture and textiles, as well as Tariffication of non-tariff border measures;
- Institutional arrangements covering the dispute settlement mechanism and the creation of the WTO;
- Trade rules governing domestic support, subsidies, countervailing duties, safeguards, and antidumping;
- New issues - services, investment, and intellectual property.

²⁹⁰ OECD, *The Uruguay Round: A Preliminary Evaluation of the Impacts of the Agreement on Agriculture in the OECD Countries*. Paris: OECD, 1995, p. 19.

²⁹¹ Whalley, John and Hamilton, Colleen, *The Trading System After the Uruguay Round*. Washington D.C: Institute for International Economics, 1996, p. 40.

The World Trade Organisation

The agreement establishing the WTO called for a single institutional framework encompassing the GATT. The WTO was created to provide a firmer legal foundation for the management of world trade. As described earlier, it entered into force on 1st January 1995. The WTO would encompass all agreements and arrangements under the GATT, as modified by the Uruguay Round (1994a), as well as all arrangements concluded under its auspices and the complete results of the Uruguay Round including agriculture, textiles, intellectual property, and services, which would be binding on all members. It also covered the four plurilateral trade agreements – on civil aircraft, government procurement, dairy products, and bovine meat – which would be binding only on their signatories. The WTO structure is headed by a Ministerial Conference meeting at least once every two years and a General Council oversees the operation of the agreement and ministerial decisions on a regular basis. The agreement also stipulated that the WTO framework should ensure a ‘single undertaking approach’ to the results and outcomes of the Uruguay Round. Hence, membership in the WTO would have to participate in all of the negotiated agreements as part of a ‘single undertaking’, without exception.

This section aims to give a summary of some of the outcomes of eight-year efforts by trade negotiators in the Round. It comes as no surprise that the Round took eight years to complete because there was such a wide coverage of both old divisive issues, like agriculture and textiles, and new contentious issues, like services and intellectual property rights. Nevertheless, it is clear that the negotiations in the Uruguay Round were very complex and required a lot of time and resources from all parties alike. Yet, unlike their developed countries counterparts, it is more likely that the burden of

attending negotiations would have fallen more on the shoulders of trade negotiators from developing countries where resources and personnel were constrained.

The Uruguay Round Agreement on Agriculture: Overview

The earlier section summarises some aspects of the outcome of the Uruguay Round negotiations. In this section, the results of the Uruguay Round Agreement on Agriculture (AoA) are discussed. To be able to analyse if Thai negotiators successfully employed bargaining strategies to improve the status quo in the realm of agriculture, one of the main interests of Thailand in the Uruguay Round, it is necessary to look at the specific evidence, namely the AoA, to assess the effectiveness of bargaining strategies used.

The decline in price of agricultural goods was a central concern for those countries that sought a new round of trade negotiations. It became widely accepted early in the process of the negotiations that the national agricultural price support policies pursued by the major trading countries were at the root of the problems in agricultural trade. According to Fitchett, rationales for intervention can be summed up in five points: (1) to stabilise and increase farm incomes; (2) to guarantee food security; (3) to improve the balance of payments; (4) to support the development of other sectors of the economy; and (5) to increase agricultural output.²⁹² Obviously, these reasons are in part non-economic and mostly driven by special political interest. Therefore, the policies to support and intervene in agricultural trade, both indirect, e.g. price support

²⁹² Fitchett, 1987 quoted in Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p. 210.

policy, and direct, e.g. tariffs, in particular those of the major industrialised countries, needed to be modified before the trade situation could be noticeably improved.²⁹³

Traditionally, disciplines for agriculture differed in two major respects from those on trade in manufacture. Firstly, quotas were allowed for agricultural commodities if domestic measures were taken to restrict domestic production or used to remove a temporary domestic surplus at the same time. Secondly, export subsidies on primary products were permitted only if these subsidies did not lead to more than an equitable share of world trade for the subsidising country.²⁹⁴ Evidently, more flexibility in the use of Quota Restrictions (QRs) and other Non Tariff Barriers (NTBs) in the agricultural sector was increasingly introduced through special waivers, starting with the US in 1955. Furthermore, these NTBs proliferated through protocols of accession and through limited tariff bindings on agricultural imports, which opened the way for the use of variable levies under the CAP by the EU. By all these means, a proliferation of various ‘grey area measures’ such as VERs and orderly marketing arrangements (OMAs) was the final product.²⁹⁵

Thus, it is generally recognised that the GATT rules relating to trade treat agriculture differently from other industries. From the outset, agriculture has been a problem area for the GATT system for liberalising world trade.²⁹⁶ While agriculture was in principle covered by the 1947 GATT Agreement, in practice it was outside GATT

²⁹³ Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*, Basingstoke: Macmillan Press Ltd, 1996, p. 163.

²⁹⁴ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p.213.

²⁹⁵ *Ibid.*, p.213.

²⁹⁶ Swinbank, Alan, and Tanner, Carolyn, *Farm Policy and Trade Conflict: the Uruguay Round and CAP Reform*, Michigan: The University of Michigan, 1996, p.7.

disciplines until the Uruguay Round.²⁹⁷ The rules applying to agricultural trade under GATT 1947 were weaker than those for manufactured goods; this is because many nations traditionally regarded agriculture as a sector of economic activity that deserved special treatment.²⁹⁸ The Uruguay Round was, therefore, designed in part to bring agriculture into greater conformity with the GATT.

The agriculture agreement comprised the Agreement on Agriculture; Concessions and Commitments made on market access, domestic support, and export subsidies; the Agreement on Sanitary and Phytosanitary Measures; and the Decision Concerning Least-Developed and Net Food Importing Developing Countries. The terms of the Agreement on Agriculture are contained in Annex 1A, the Agreement on Trade in Goods. Important detail covering implementation of the Agreement on agriculture is contained in the commitments schedules, submitted by each individual country. Overall, the Agreement on Agriculture brings agricultural trade more in line with the disciplines of the GATT and it also provides a framework for the long-term reform of agricultural trade and domestic policies.

The Agreement also, within it, contained “peace” provisions, also known as the “peace clause”. It acts as an incentive for countries to accept the new disciplines and commitments on domestic support and export subsidies.²⁹⁹ It was agreed that policies that conform to the new rules would be sheltered from international challenge under

²⁹⁷ Jawara Fatoumata and Kwa, Aileen, *Behind the Scenes at the WTO: the real world of international trade negotiations*. London: Zed Books, 2003, p.26.

²⁹⁸ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p.209.

²⁹⁹ Josling, Tim ‘Agriculture and Natural Resource’, in Collins, Susan and Bosworth, Barry, eds., *The New GATT: Implications for the United States*. Washington D.C.: The Brookings Institution, 1994, p.54.

the GATT. The Due Restraint provisions, valid during the nine-year implementation period, stipulated that “green box” policies are non-actionable for purposes of countervailing duties and other GATT challenges. All domestic support that conformed to commitments, including payments under production-limiting programmes, was to be exempt from the imposition of countervailing duties as long as no injury was caused, and was to be exempt from other GATT challenges if support did not exceed that paid in the base period.

Market Access

Before the Uruguay Round, the use of non-tariff measures was widespread in agricultural trade. Moreover, in many countries, the particular type of NTM used had strategic importance for the functioning of their domestic market regimes.

Against this backdrop, the biggest advance made in the Agreement of Agriculture in respect of market access for agricultural products was to prohibit the use of quantitative restrictions on imports and measures such as variable levies, minimum import prices, voluntary export restraints and similar border measures other than ordinary customs duties. The agreement stipulated that all these measures should be converted into tariffs and subjected to binding and reduction.

It was also agreed that WTO members were required to reduce custom duties on all products over six years (ten years for developing countries) and that industrial countries should reduce these tariffs, including those resulting from tariffication, by an average of 36 per cent from a 1986-88 base (24 per cent for developing countries),

with a minimum rate of reduction of 15 per cent on each tariff line (10 per cent for developing countries). Where there were no significant imports, members were required to establish minimum access opportunities, set at a level of 3 per cent of the corresponding domestic consumption in the first year, rising to 5 per cent by the end of the implementation period.³⁰⁰ Current access opportunities in excess of the stipulated minimum were to be maintained. Both minimum access and current access commitments come in the form of tariff-rate quotas (TRQ), under which a certain volume of imports (the quota) enters at a lower tariff, and out-of-quota imports are subject to a much higher tariff.

Members that had tariffed non-tariff measures were given access to the Special Safeguard Provision of the Agreement. This exception from the ‘bound tariffs only’ principle is the possibility of imposing additional duties on a product in any year when either the volume of imports exceeds or the price of imports falls below the designated trigger levels. This agreement took agricultural trade a step closer towards the same treatment as manufacturing within the GATT.

Export competition

It is commonly agreed that, as a consequence of agricultural intervention, countries with no comparative advantage in agriculture not only became major producers but also net exporters. Production support policies had to be complemented by export subsidies to allow surpluses to be sold abroad. These, in turn, led to numerous trade conflicts.

³⁰⁰ http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm - ‘WTO/Understanding the WTO – Agriculture fairer markets for farmers’. Accessed September 2006.

Hence, it is not at all surprising that curbing export subsidies in agriculture was the crucial aim of the countries that had pushed for progress on agriculture in the Uruguay Round. It took the exporting countries, especially the US and the Cairns Group, a long time in the negotiations to convince the major user of export subsidies, the EC, that there would not be a conclusion to the Round without an explicit discipline on this category of measures.³⁰¹ Eventually, the EC gave in, and the agreement on export subsidies was finally reached.

While the Agreement did not prohibit the use of export subsidies, it made a major advance by requiring members to undertake reduction commitments, although it might be questioned how much practical effect these commitments had. Such subsidies are deemed to be payments in kind; subsidised stock exports; producer-financed export subsidies; export marketing cost subsidies; export-specific transportation subsidies; and subsidies on goods incorporated into exports. In other words, the AoA prohibits export subsidies on agricultural products unless the subsidies are specified in a member's lists of commitments. Members were to enter base levels of subsidy exports and of expenditures on export subsidies into their schedules, agreeing that the figures contained in the schedules were accurately representing their export subsidisation in the past. Where the export subsidies are listed, the agreement requires WTO members to cut both the amount of money they spend on export subsidies and the quantities of exports that receive subsidies. Members were required to reduce their budgetary outlays on these subsidies by 36 per cent of the base period of 1986-1990 and the quantities of subsidised exports by 21

³⁰¹ Wolfe, Robert, *Farm Wars*. London: Macmillan Press Ltd, 1998, p.85

per cent over a period of six years. In the case of developing countries, they were required to reduce their value of export subsidies by 24 per cent and the subsidised quantities by 14 per cent over a period of 10 years. Least-developed countries do not need to make any cuts. Commitments for each year of the implementation period have been incorporated in the WTO schedules of the members. During the six-year implementation period, developing countries are allowed under certain conditions to use subsidies to reduce the costs of marketing and transporting exports. Most importantly, countries individually accept legally binding commitments regarding maximum export subsidisation in the future, based on past levels of export subsidisation detailed in their schedules. To ensure stability for developing countries' importers, genuine food aid is exempt from reductions. Nevertheless, it is important to note that this might not be the real motive behind the exemption. Arguably, food aid was widely seen as a means of developed countries, especially the US, to provide hidden farm subsidies.

In contrast to the area of market access, the Agreement did not place direct constraints on the types and the levels of policies that countries can use; it constrains the effects of policies rather than policy instruments. How a country achieves the reduction of its export subsidies entirely depends upon domestic policy decisions.³⁰² As long as the country manages to meet its commitments under the Agreement, no controversy will be raised in this regard.

³⁰² Josling, Timothy E., Tangermann, Stefan, and Warley, T. K., *Agriculture in the GATT*. Basingstoke: Macmillan Press Ltd, 1996, p. 198.

Domestic Support

Another major element of the Uruguay Round agreement was a provision to discipline and reduce domestic support. These domestic support provisions are probably the most innovative feature of the Agreement. Effectively, they took the close link between domestic agricultural policies and international trade explicitly into account.³⁰³

The main conceptual consideration is that there are basically two categories of domestic support – support with no, or minimal at most, distorting effect on trade on the one hand (often referred to as “Green Box” measures) and trade-distorting support on the other hand (Often known as “Amber Box” measures). The “Green Box” policies included, for example, those for the purposes of research, marketing and promotion, infrastructure, food security stocks, domestic food aid, disaster payments, structural adjustment programmes, environmental programmes, and “decoupled” income support. The measures categorised in the Amber Box were subject to reduction commitments. The starting point of all Agreement provisions required Governments first to compute the base level of aggregate measurement of support (AMS) for each country and product. The use of an aggregate measurement of support promised to resolve the dilemma facing all agricultural trade negotiations. It was agreed that domestic production support to agriculture as measured by an Aggregate Measure of Support was to decline by 20 per cent over a period of 6 years (relative to a 1986-9 base period, which was a very favourable base period for subsidising countries, like the EU). In the case of developing countries, the AMS support had to be reduced by 13.33 per cent over 10 years. WTO members were required to calculate

³⁰³ *Ibid.*, p.202

and enter their base period AMS in their schedules, as well as the ‘final bound commitment level’ for the AMS.³⁰⁴ The reduction commitments, thus, were reflected in the schedules of each WTO member. The AMS includes expenditures on domestic subsidies, as well as market price support policies such as administered prices, and therefore captures both border and non-border policies.

However, the Agreement exempted from reduction commitments another group of measures. These are, namely, direct payments made conditional on limitation of production, as these are considered less distorting than open-ended price support.³⁰⁵ These direct payments under production limiting programmes are often referred to as “Blue Box” measures. Currently, there are no limits on spending on Blue Box subsidies. In the current negotiations, there are disagreements over the existence of the Blue Box measures; some countries want to keep the Blue Box as it is because they see it as a crucial means of moving away from distorting Amber Box subsidies without causing too much hardship. Others want to set limits or reduce commitments, some advocating moving these supports into the Amber Box.

Also, under the *de minimis* provisions of the Agreement, there is no requirement to reduce such trade-distorting domestic support in any year in which the aggregate value of the product-specific support came to less than 5 per cent of the total value of production of the agricultural product in question. Moreover, when non-product specific support does not exceed 5 per cent of the value of total agricultural

³⁰⁴ Hoekman, B., and M. Kostecki, *The Political Economy of the World Trading System: from GATT to WTO*, Oxford: Oxford University Press, 1995, p.218.

³⁰⁵ United Nations, Economic and Social Commission for Asia and the Pacific, *Regional Perspectives on the WTO agenda: Concerns and common interests*. New York: UN, 2001, p.78.

production, it is also exempt from reduction (this threshold is 10 per cent in the case of developing countries).

Sanitary and Phytosanitary Measures

It is understandable the countries maintain measures to ensure that food is safe for consumers and to prevent the spread of pests or diseases among animals and plants. These sanitary (human and animal health) and phytosanitary (plant health) measures can take many forms. For example, they include requirements for products to come from disease-free areas, inspection of imported products, specific treatment or processing of products, and the setting of maximum allowable levels of pesticide residues or permitted use of only certain additives in food.

Since 1948, national food safety, animal and plant health measures which affect trade have been subject to GATT rules under Article XX:(b) of the GATT. As it was predicted that barriers to agricultural trade would be reduced as a result of the Uruguay Round, governments became more concerned that sanitary and phytosanitary measures might increasingly be used for protectionist purposes. Hence, as expressed in the Punta del Este declaration adopted in 1986, member countries planned to discuss sanitary and phytosanitary measures with the aim of minimising the negative effects of such measures on agricultural trade.

The Agreement on Sanitary and Phytosanitary Measures covers food safety and animal, plant, and health regulations and is separate from the Agreement on Agriculture. The aim of the Agreement is to improve operation of GATT Article

XX:(b) by making it easier to distinguish between genuine health and safety issues and disguised protection.

The agreement recognises that governments have the right to use sanitary and phytosanitary measures and that they should be applied only to the extent necessary to protect human, animal or plant life or health and should not arbitrarily or unjustifiably discriminate between members where identical or similar conditions prevail, constituting a disguised trade restriction. As far as possible, measures shall be based on international standards and guidelines or recommendations where they exist. Higher standards or stricter measures may only be introduced or used when there is sufficient scientific justification that the international standard does not achieve its appropriate level of protection. In these circumstances, the established risk assessment techniques should be employed and the level of sanitary and phytosanitary protection which is deemed appropriate should be decided, taking into account the objective of minimising negative trade effects. The right of countries to set their own safety and health standards is reaffirmed, but with the proviso that such standards should be based on “scientific justification” and that use should be made of international standards where possible. Implementation relies heavily on the principle of equivalence laid down in the SPS Agreement. Where harmonisation is achieved – where national SPS are based on standards agreed in the relevant international institutions – policies are presumed to be consistent with the Agreement and the GATT, and disputes should not arise. Nevertheless, harmonisation at the international level may not always be appropriate. The Agreement therefore allows the alternative of equivalence, whereby the importing country accepts that the SPS in the exporting country can achieve an appropriate level of sanitary or phytosanitary protection, even though they differ from the measures used in the importing country, if the exporting

Member objectively demonstrates to the importing Member that its measures achieve the appropriate level of protection.. As special attention was given to developing countries throughout the Uruguay Round negotiations, in order to take account of their special needs, longer time-frames for compliance to new SPS measures were permitted to encourage developing countries to participate in the relevant international organisations.³⁰⁶

The character of the SPS Agreement is rather different from the Agreement on Agriculture. In particular, the SPS Agreement does not attempt to regulate any specific policies. Hence, individual countries are not committed to make adjustments in their policies. The SPS Agreement instead establishes general guidelines for government behaviour in the areas concerned.

Conclusion

International negotiations proceed more on the basis of fear than opportunity and, more often than not, a sense of apprehension or threat is the catalyst that initiates the process.³⁰⁷ Hence it was predictable that most developing countries did not support the launch of a new Round of negotiations in GATT. Most developing countries did not support the launching of the Uruguay Round mainly because of their fears on

³⁰⁶ OECD, *The Uruguay Round: A Preliminary Evaluation of the Impacts of the Agreement on Agriculture in the OECD Countries*. Paris: OECD, 1995, p. 18-19.

³⁰⁷ Winham, Gilbert R., 'The Uruguay Round and the World Economy', in Richard Stubbs, Geoffrey R.D. Underhill, eds., *Political Economy and the Changing Global Order*. 2nd ed. Oxford: Oxford University Press, 2000, p. 171.

three counts.³⁰⁸ Firstly, they feared that they would be the main targets for extracting concessions in any new round. Secondly, new subjects of interest to developed countries in which the developing countries themselves had no particular interest would be taken up in the negotiations. Finally, they felt that the subjects which had been of interest to them for a long time would be ignored, as the focus on GATT would shift to the new issues initiated in the Round. Yet, there were also a number of developing countries, including Thailand, who sought the new Round in order to create an opportunity for themselves.

Although the Uruguay Round ended in a compromise after a protracted standoff, industrial countries succeeded in adding of all the new issues they wanted to the agenda, though subject to certain limiting provisions attached to them by developing countries. It is intriguing to note that the achievement in integrating the new issues, particularly services, in the negotiation was considered to be a startling outcome, especially when initially there was a tense confrontation between developed and developing countries. Nevertheless, this can be partially explained through the fact that the United States was the most enthusiastic supporter of new rules on services, trade-related intellectual property rights (TRIPS) and trade-related investment measures (TRIMS). For the part of developing countries, they succeeded in placing both agriculture and textiles on the agenda and in gaining a commitment from industrial countries that there would be a decrease in protectionism and that the special and differential treatment of developing countries would be an integral part of any agreement. This was especially the case when the MFA was terminated by the Agreement on Textiles and clothing. Hence, the system of import quotas that had

³⁰⁸ Das, Bhagirath Lal, *the WTO Agreements: Deficiencies, Imbalances and Required Changes*. London: Zed Books & Third World Network, 1998, p.3.

dominated the trade since the early 1960s was to be phased out. The quid pro quo they obtained included the abolition of VERs (as part of the Agreement on Safeguards) and the progressive elimination of the MFA. Also, agriculture was brought back under the GATT, although very little actual liberalisation was achieved.

Although developing countries, including Thailand, learned in the Uruguay Round that greater participation did not translate automatically into leverage, they strove to decisively influence the process of agenda setting and to shape the final outcome of negotiations with the exercise of bargaining strategies such as agenda-setting and coalition-building to enhance their meagre bargaining power. In the mind of Thai trade negotiators; the outcome of the Uruguay Round was adequately pleasing, despite the shortfall of the final agreements.

This chapter summarised some of the key aspects of the final outcomes of the Uruguay Round negotiations. The chapter then turned its attention to the results of the outcomes of the Uruguay Round negotiations on agriculture. The key aspects of the Uruguay Round Agreement on Agriculture, namely market access, export subsidies, domestic support, and sanitary and phytosanitary, have been presented.

Chapter 7:

Analysis of the case study and evaluation of Thailand's bargaining strategies

As indicated earlier, the focus of this thesis is on negotiating processes and bargaining strategies with regard to developing countries. The thesis is intended to address these questions:

- Among a number of available strategies that developing countries can employ to enhance their participatory abilities in the GATT, and consequently, the WTO, what is the most effective?

By using the case study of the Thai participation in the Uruguay Round negotiations, this chapter attempts to shed some light on the answers to the above questions. With that in mind, this chapter aims to assess if the strategies, used to improve the bargaining power of Thai negotiators, were successful and effective. Firstly, the chapter analyses the bargaining strategy of Thailand and assesses the achievement of Thailand in the Uruguay Round. Next, the chapter turns its attention to an evaluation of Thailand's bargaining strategies. It then attempts to assess both the overall achievement of Thailand in the Uruguay Round negotiations and the specific achievement in the Agreements of Agriculture, as a result of the bargaining strategies used.

An Analysis of Thai Strategy

When entering negotiations, bargaining is a method by which outcomes are sought that, though not ideal for either party, are better than some other alternatives or better than the status quo. Needless to say, when an agreement is reached, it signifies that both or all parties find a joint and mutually acceptable solution either to end a dispute or create a beneficial deal. Nevertheless, no one can deny that there is a gross power disparity in the world trading system and, more often than not, this inequality binds the distribution of gains from bargaining in trade negotiations.

Characteristically, all parties enter negotiations aiming to gain more, or in other words, to do better than the status quo. Thus, parties enter negotiations utilising strategies to increase their own gains from the bargaining. According to Odell, 'strategy' in trade negotiations is 'a set of behaviours or tactics that are observable in principle and associated with a plan to achieve some objective through negotiation.'³⁰⁹

As discussed in chapter two, Odell argues that bargaining strategy options vary along a conceptual continuum between two polar ideal types, which are distributive and integrative. Pure distributive strategy has been defined as a set of tactics that function merely to claim value from the other parties in negotiations and, at the same time, function as a defence against such claims from the other parties. This distributive strategy is normally employed when the relevant parties' goals are either entirely or

³⁰⁹ Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p.15.

partially in conflict. The tactics at the distributive end of strategy continuum are, for example, an opening bid with high demands, rejecting any concessions, not revealing true priorities and overstressing needs, taking the other parties' issues of interest hostage, threatening to use undesirable measures and imposing penalties. At the other end of the continuum stands a purely integrative strategy, which comprises tactics aiming to attain goals that are not fundamentally in conflict and can be mutually integrated for all the parties. Sharing information openly to explore common problems in order to come up with mutually acceptable solutions, as well as proposing reciprocity exchanges of concessions including those of the proposing party, is a well-known example of tactics in the integrative strategy camp. However, Odell argues that experienced trade negotiators usually attempt to overcome the downsides of each pure type by mixing tactics into a so-called mixed strategy; and he argues that if a developing country or a coalition follows a mixed strategy, it will gain more and lose less under most conditions than if it follows a pure strategy from both ends.³¹⁰

All these negotiating behaviours can be observed at all levels - at the individual level when negotiators enter the negotiating room, or at the level where a state is considered to be a unit. At the individual level, personality or character traits of negotiators do have an impact on the process of negotiations, especially when one represents a country with less bargaining voice. One of the negotiators interviewed verified this assumption. For example, when the US trade representative speaks in the negotiating room, everyone will listen attentively; whereas, a representative from a small African country will receive little notice. Hence, if a negotiator speaks loudly,

³¹⁰ Odell, John S., *Negotiating the World Economy*. London: Cornell University Press, 2000, chapter 7 and Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 17.

clearly and at the same time speaks with interestingly framed content, he or she will receive more attention. The same result can be achieved by making friends and allies with many negotiators involved in a given negotiation. One of the negotiators once said that negotiation or bargaining is an art. It cannot be taught. It is important for a negotiator to learn when to be assertive or when to compromise.³¹¹ Although the WTO does now provide formal training for negotiators from developing countries, it was admittedly not available at the time of the Uruguay Round for developing countries to learn when to push forward or to use distributive strategy or when and how to reframe the agenda to be mutually beneficial for all parties in given negotiations.

It is very difficult for negotiation behaviours at the individual level to be documented fully, since it would involve an observation of the actual negotiations. Also, a focus on the behaviours of negotiators at the individual level would make this research fall into the category of negotiation analysis. This is because the main impetus of this thesis is the hope of a change in the historical structure of multilateral trade negotiation processes and the uneven distribution of outcomes. Thus, this section concentrates on the strategies at the level of Thailand as a unit, although it does recognise that it would be only a partial depiction of negotiation processes at the GATT.

As noted earlier, it is vital to consider multilateral negotiations in the context of the wider structures of the global political economy. Therefore, multilateral negotiations are not a stand-alone event. To see Thailand as a unit working in the bigger picture of

³¹¹ Interview, Mr. Kirkkrai Jeerapat, Bangkok, September 2005.

trade negotiations, it is important to take bargaining strategies and negotiation processes into account at all levels. Hence, it is crucial to look at Thailand's strategy choice and the actions it undertook to offset biases and bolster the credibility of its position in GATT in the bigger picture where the strategy choice and the actions it undertook at bilateral and regional levels also feed in.

Undoubtedly, during the time of the Uruguay Round negotiations, Thailand was faced with offensive actions to claim value from the US bilaterally. In the bilateral negotiations with the US regarding intellectual property protections, the US demanded that Thailand make changes to Thailand's domestic law. The US then took steps to worsen Thailand's alternative to agreement by threatening to remove the GSP, a damaging action to Thailand's exports, if Thailand did not yield the desired concessions – ratifying the intellectual property protection. The reaction of Thailand was that intellectual property should remain under the World Intellectual Property Organisation (WIPO), not under the supervision of the GATT. The reaction of other developing countries was very similar to Thailand's position, unlike the US and other developed countries who wish to use the GATT to penalise countries that did not have the same level as the US standard of intellectual property protection.

This political pressure from the US to adopt intellectual property protection started in 1985 when a revision on GSP for Thailand took place.³¹² The US gave the first phase of GSP to Thailand for a 9-year period starting from January 1976 and renewed in 1985. However, the main principle was changed from granting GSP to Thailand unconditionally to granting GSP with conditions and rules.

³¹² Interview, Mr. Kirkkrai Jeerapat, Bangkok, September 2005.

Realising the significance of GSP for its exports, Thailand used the tactics of compromise and delay in order to keep the GSP. However, Thailand later had to make a lot of concessions by making amendments in intellectual property rights law. Believing that GSP was too important to lose and believing that to fight in the GATT would be a worthless attempt, Thailand consequently simply yielded concessions under pressure by amending the law without getting compensation in return. However, some negotiators held the belief that Thailand could not do anything to offset the bias of the negotiations with the US. In mid 1993, Mr. Uthai Pimjaichon, the Minister of the Ministry of Commerce, agreed to yield to the US by instructing the seizure of pirate movies. The US was pleased with the result. However, this later caused severe conflicts with Mr. Pachara Isarasena, the permanent secretary of the Ministry of Commerce at that time, who believed that by simply yielding concessions Thailand would benefit less and lose more.³¹³ Besides, delaying tactics had proved useful and efficient. Also, Dr. Supachai Panichapak, the Deputy Prime Minister, became irritated since Thailand, by herself, consented to modify domestic intellectual property rights law which required more protections than the Trade-related Intellectual Property Rights (or the TRIPs) in the Uruguay Round. This picture seems to confirm that policy makers' beliefs do have an effect on foreign policy decision making. In particular, it proves that a key part of trade policy making and negotiation strategy formation processes is a contest of ideas among those officials involved.

³¹³ Mr. Pachara Isarasena was the key planner for Thai bargaining strategies throughout the Uruguay Round. However, due to the conflict over Thailand's position in the negotiation with the US concerning the GSP and intellectual property law, he was later suspended from office. Mr. Kirkkrai Jeerapat, then the director-general of the Department of Business Economics, replaced Mr. Pachara in practice.

As discussed in chapter two, there are many factors which contribute to the adoption of bargaining strategies by the delegations; these factors, which explain the rationale behind the choice of strategies chosen, are in the context of negotiation, negotiator beliefs, and internal domestic politics. The depiction of bilateral pressure from the US presented above can then be seen in the context of the multilateral trade negotiations the Thai delegates had to work within, as well as that which influenced the choice of strategies at multilateral levels.

Although Odell's typology of bargaining strategies is an attempt to identify and to make generalisations about negotiation processes and bargaining strategies at the behavioural level, it is useful in the sense that it helps to describe the observed negotiating behaviours. At the bilateral level, it can be observed that Thailand used a defensive distributive strategy by using delaying tactics. However, at the same time, Thai negotiators chose to compromise and yield concessions, when deemed necessary. This also reflects the thinking of trade negotiators: to lose one's arm is better than losing one's life. This is because the Thais are culturally supposed to be more conciliatory. Therefore, this factor can at least give some explanation as to why Thai negotiators tended to simply yield concessions as a solution to the negotiations. Although Odell does not consider yielding as a bargaining strategy, yielding or simply giving concessions is actually observable negotiating behaviour.

At the multilateral level, it can be assumed that Thailand used a mixed strategy, with more elements of an integrative strategy, in the GATT during the Uruguay Round negotiations. The mixed strategy Thailand employed allowed other delegates to claim some gains to show their constituents and then moved the deal above the other's

reservation values. Firstly, by joining the GATT and subsequently the WTO, Thailand gained access to a major new distributive tactic for worsening another state's alternative to negotiating a satisfactory dispute settlement: filing a legal complaint under the GATT and the WTO. Thailand has used this to its advantage; for example, in the case of foreign cigarettes.

In addition, it can be seen that Thailand utilised a defensive distributive strategy in the Uruguay Round, which consists of analogous behaviours to offset other parties' distributive tactics and protect as much as possible against losing value, by joining regional agreements/regional-based coalitions such as the ASEAN and like-minded coalitions such as the Cairns Group in agriculture. By the same token, utilising coalitions as a springboard for bargaining can be seen as an integrative strategy by encouraging the opportunities for mutual gains among the group members. When Thailand pushed for an inclusion of issues in the agenda-setting process, it could again be said that Thailand attempted a distributive strategy because of asking others for benefits. Thai negotiators also employed distributive tactics such as delay and refusal to make concessions which are generally used by most trade delegations.

It is also interesting to note that Thai delegates had to also strategically calculate the way they employed strategies at the multilateral level, since these actions would have some impact on strategies available to them at the bilateral level also. Apparently, there were a lot of movements and interests internally to maintain the GSP from the US. As discussed earlier, one former Uruguay Round negotiator noted that the reason why Thailand did not support India and Brazil or the G10 stance at the beginning of the Round was because both Brazil and India were bigger countries, while Thailand

was relatively small and it would not benefit Thailand to be seen as a bad boy of the world economy, particularly when Thailand had to take bilateral negotiations with the US into consideration.³¹⁴

Since Odell's typology of bargaining strategies only describes behaviours of a given party, he realises that in practice a negotiator or delegation might not choose their strategies all at one point and in the systematic manner of self-interest driven calculation.³¹⁵ He then elaborates that some negotiators or trade delegations may even make bargaining decisions one step at a time and accumulate a set of trade policies and actions without viewing them as belonging to the same set of strategies. This is conceivably so in the case of Thai negotiators in the Uruguay Round. Based on their personal perceptions and experiences, some may have even acted without thinking carefully about their objectives.

The main export markets for Thai exports are made up of more than 20 countries; yet, they are concentrated in only three main markets: the US, Japan, and the EU, which account for more than 70% of total exports. Moreover, agricultural products and processed food accounted for more than 50% of total exports at the time of the Uruguay Round. Hence, Thai negotiators were more active and thus tended to employ more distributive strategies. In the realm of agriculture negotiations, Thailand employed more of a distributive strategy by joining coalitions like the Cairns Group. Although Thailand might use an integrative strategy while within the coalition or the

³¹⁴ Interview, Ms. Chutima Bunyapapasara, Bangkok, August 2005.

³¹⁵ Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 17.

group, it might use a mixed-distributive strategy elsewhere; joining the coalition in itself can be classified as a distributive strategy.

It is obvious that Thai negotiators had tried to use a mixed strategy in the Uruguay Round. Although being active in agriculture negotiations and not revealing the genuine objectives and priorities (that of the strengthened rules), it can be seen that Thai negotiators used actions that fell into value-claiming strategy. However, there were fewer elements of distributive strategy and more of integrative tactics due to the context in which trade officials had to operate and the negotiators' beliefs that Thailand could not use more distributive tactics because it had less bargaining power. Here, realism or power thinking certainly contributes something valuable to the study of bargaining and negotiation. According to Odell, however, bargaining power is more of a label than an explanation. Odell argues that the notion of bargaining power should be replaced with the notion of *BATNA* (best alternative to negotiated agreement) because it introduces a variable that gives a better explanation of the heart of strategies and outcomes.³¹⁶ Although there are examples of the so-called 'power of the weak', in reality the notion of bargaining power is still significant to the decision to enter into any given negotiation. Apparently, the notions of national interest and bargaining power in reality are considerably more problematic. Firstly, national interest is difficult to define and vaguely derived. Secondly, bargaining power cannot be tangibly measured. However, these notions offer negotiators a mental framework within which they try to work logically to get the best solution. It still helps as an explanation, since all negotiators are rational actors in a sense that they try to identify their problems and interests; observe all the possible solutions; and take the action

³¹⁶ Odell, John S., *Negotiating the World Economy*. London: Cornell University Press, 2000, p. 202.

that best serves their interests. In actual fact, most developing countries, including Thailand, enter into negotiations with the assumption that they have limited bargaining power, and less when compared to their developed countries counterparts. Particularly, this perception is especially dominant in the view of almost all Thai negotiators. Thus, the fact that Thailand has a small measure of bargaining power is taken as a starting point to explore the range of available strategies.

In effect, the view that Thailand had relatively small bargaining power when weighed against that of developed countries affected the choice of bargaining strategies Thai negotiators employed in the Uruguay Round. In fact, this vision has continued to influence the strategy choice of Thai negotiators until the present day.

To sum up, this section concentrated on the strategies Thai negotiators used during the course of the Uruguay Round and the effects of their strategies. Influenced by the context, negotiators' beliefs, and less by domestic pressure in the Thai case, it can be observed that they used a mixed strategy with a minority of distributive elements through the processes of agenda-building and coalition-building.

The achievements of Thailand

To evaluate the achievements of Thailand in the Uruguay Round, it must be established if the outcome of the negotiations improved the status quo of Thailand before the negotiations begin. As discussed in the preceding chapter, Thai negotiators realised that Thailand had a relatively small amount of bargaining power, since Thailand was a developing country with a small market size, when compared to the developed countries counterparts.

It is intriguing to note that, although external observers regard Thailand as a medium-sized country, ranked 22nd in terms of population and with a GDP only just below the world average per capita, the Thai negotiators currently maintain the perception that Thailand lacks bargaining power like any other developing country due to the small size of the internal commercial market. Tables 7.1, 7.2 and 7.3 below show Thailand's ranks in world exports and imports, as well as its rank in population and GDP per capita. With regards to the data shown in the tables below, it is surprising that, from an external perspective, Thailand is a significant medium-ranged country and is a significant player in international trade negotiations, since evidence points in the other direction of Thailand being a small country. Moreover, Thailand is seen to be more active in Geneva and better resourced than many other developing countries.

Rank order – Top 30 world exporters and world importers

Rank	Country	Value of Exports	Date of Information	Rank	Country	Value of Imports	Date of Information
1	World	\$ 13,720,000,000,000	2006 est.	1	World	\$ 13,640,000,000,000	2006 est.
2	Germany	\$ 1,361,000,000,000	2007 est.	2	United States	\$ 1,987,000,000,000	2007 est.
3	European Union	\$ 1,330,000,000,000	2005	3	European Union	\$ 1,466,000,000,000	2005
4	China	\$ 1,221,000,000,000	2007 est.	4	Germany	\$ 1,121,000,000,000	2007 est.
5	United States	\$ 1,140,000,000,000	2007 est.	5	China	\$ 917,400,000,000	2007 est.
6	Japan	\$ 665,700,000,000	2007 est.	6	France	\$ 601,400,000,000	2007 est.
7	France	\$ 558,900,000,000	2007 est.	7	United Kingdom	\$ 595,600,000,000	2007 est.
8	Italy	\$ 474,800,000,000	2007 est.	8	Japan	\$ 571,100,000,000	2007 est.
9	Netherlands	\$ 465,300,000,000	2007 est.	9	Italy	\$ 483,600,000,000	2007 est.
10	Canada	\$ 440,100,000,000	2007 est.	10	Netherlands	\$ 402,400,000,000	2007 est.
11	United Kingdom	\$ 415,600,000,000	2007 est.	11	Canada	\$ 394,400,000,000	2007 est.
12	Korea, South	\$ 386,600,000,000	2007 est.	12	Hong Kong	\$ 371,300,000,000	2007 est.
13	Hong Kong	\$ 353,300,000,000	2007 est.	13	Korea, South	\$ 359,500,000,000	2007 est.
14	Russia	\$ 348,900,000,000	2007 est.	14	Spain	\$ 359,100,000,000	2007 est.
15	Belgium	\$ 328,100,000,000	2007 est.	15	Belgium	\$ 320,900,000,000	2007 est.
16	Singapore	\$ 317,600,000,000	2007 est.	16	Mexico	\$ 279,300,000,000	2007 est.
17	Mexico	\$ 267,500,000,000	2007 est.	17	Singapore	\$ 273,000,000,000	2007 est.
18	Spain	\$ 248,300,000,000	2007 est.	18	Russia	\$ 226,500,000,000	2007 est.
19	Taiwan	\$ 235,500,000,000	2007 est.	19	India	\$ 224,100,000,000	2007 est.
20	Saudi Arabia	\$ 215,000,000,000	2007 est.	20	Taiwan	\$ 214,300,000,000	2007 est.
21	Switzerland	\$ 201,000,000,000	2007 est.	21	Switzerland	\$ 189,600,000,000	2007 est.
22	Sweden	\$ 176,500,000,000	2007 est.	22	Austria	\$ 157,400,000,000	2007 est.
23	Malaysia	\$ 169,900,000,000	2007 est.	23	Sweden	\$ 157,200,000,000	2007 est.
24	Brazil	\$ 159,200,000,000	2007 est.	24	Turkey	\$ 156,900,000,000	2007 est.
25	Austria	\$ 158,300,000,000	2007 est.	25	Australia	\$ 152,700,000,000	2007 est.
26	United Arab Emirates	\$ 152,100,000,000	2007 est.	26	Poland	\$ 150,700,000,000	2007 est.
27	Thailand	\$ 143,100,000,000	2007 est.	27	Malaysia	\$ 132,700,000,000	2007 est.
28	India	\$ 140,800,000,000	2007 est.	28	Thailand	\$ 121,900,000,000	2007 est.
29	Australia	\$ 139,400,000,000	2007 est.	29	Brazil	\$ 115,600,000,000	2007 est.
30	Poland	\$ 137,900,000,000	2007 est.	30	Czech Republic	\$ 109,800,000,000	2007 est.

Table7. 1: Rank order – top 30 world exporters and importers*Source: adapted from CIA, the World Factbook*

Rank order - population

Rank	Country	Population	Date of Information
1	World	6,602,224,175	July 2007 est.
2	China	1,321,851,888	July 2007 est.
3	India	1,129,866,154	July 2007 est.
4	European Union	490,426,060	July 2007 est.
5	United States	301,139,947	July 2007 est.
6	Indonesia	234,693,997	July 2007 est.
7	Brazil	190,010,647	July 2007 est.
8	Pakistan	164,741,924	July 2007 est.
9	Bangladesh	150,448,339	July 2007 est.
10	Russia	141,377,752	July 2007 est.
11	Nigeria	135,031,164	July 2007 est.
12	Japan	127,433,494	July 2007 est.
13	Mexico	108,700,891	July 2007 est.
14	Philippines	91,077,287	July 2007 est.
15	Vietnam	85,262,356	July 2007 est.
16	Germany	82,400,996	July 2007 est.
17	Egypt	80,335,036	July 2007 est.
18	Ethiopia	76,511,887	July 2007 est.
19	Turkey	71,158,647	July 2007 est.
20	Congo, Democratic Republic of the	65,751,512	July 2007 est.
21	Iran	65,397,521	July 2007 est.
22	Thailand	65,068,149	July 2007 est.
23	France	63,718,187	July 2007 est.
24	United Kingdom	60,776,238	July 2007 est.
25	Italy	58,147,733	July 2007 est.
26	Korea, South	49,044,790	July 2007 est.
27	Burma	47,373,958	July 2007 est.
28	Ukraine	46,299,862	July 2007 est.
29	Colombia	44,379,598	July 2007 est.
30	South Africa	43,997,828	July 2007 est.

Table7. 2: Rank order – population

Source: CIA, the World Factbook

Rank Order - GDP - per capita

Rank	Country	GDP - per capita (PPP)	Date of Information	Rank	Country	GDP - per capita (PPP)	Date of Information
1	Luxembourg	\$ 80,800	2007 est.	61	Slovakia	\$ 19,800	2007 est.
2	Qatar	\$ 75,900	2007 est.	62	Barbados	\$ 19,700	2007 est.
3	Bermuda	\$ 69,900	2004 est.	63	Puerto Rico	\$ 19,600	2007 est.
4	Jersey	\$ 57,000	2005 est.	64	Hungary	\$ 19,500	2007 est.
5	Norway	\$ 55,600	2007 est.	65	Oman	\$ 19,100	2007 est.
6	Kuwait	\$ 55,300	2007 est.	66	Seychelles	\$ 18,400	2007 est.
7	United Arab Emirates	\$ 55,200	2007 est.	67	Latvia	\$ 17,700	2007 est.
8	Singapore	\$ 48,900	2007 est.	68	French Polynesia	\$ 17,500	2003 est.
9	United States	\$ 46,000	2007 est.	69	Lithuania	\$ 16,700	2007 est.
10	Ireland	\$ 45,600	2007 est.	70	Poland	\$ 16,200	2007 est.
11	Guernsey	\$ 44,600	2005	71	Netherlands Antilles	\$ 16,000	2004 est.
12	Equatorial Guinea	\$ 44,100	2007 est.	72	Croatia	\$ 15,500	2007 est.
13	Cayman Islands	\$ 43,800	2004 est.	73	Guam	\$ 15,000	2005 est.
14	Hong Kong	\$ 42,000	2007 est.	74	New Caledonia	\$ 15,000	2003 est.
15	Switzerland	\$ 39,800	2007 est.	75	Botswana	\$ 14,700	2007 est.
16	Iceland	\$ 39,400	2007 est.	76	Russia	\$ 14,600	2007 est.
17	Austria	\$ 39,000	2007 est.	77	Virgin Islands	\$ 14,500	2004 est.
18	Andorra	\$ 38,800	2005	78	Chile	\$ 14,400	2007 est.
19	Netherlands	\$ 38,600	2007 est.	79	Malaysia	\$ 14,400	2007 est.
20	British Virgin Islands	\$ 38,500	2004 est.	80	Gabon	\$ 13,800	2007 est.
21	Canada	\$ 38,200	2007 est.	81	Costa Rica	\$ 13,500	2007 est.
22	Gibraltar	\$ 38,200	2005 est.	82	Libya	\$ 13,100	2007 est.
23	Australia	\$ 37,500	2007 est.	83	Argentina	\$ 13,000	2007 est.
24	Denmark	\$ 37,400	2007 est.	84	Venezuela	\$ 12,800	2007 est.
25	Sweden	\$ 36,900	2007 est.	85	Northern Mariana Islands	\$ 12,500	2000 est.
26	Belgium	\$ 36,500	2007 est.	86	Mexico	\$ 12,500	2007 est.
27	Finland	\$ 35,500	2007 est.	87	Iran	\$ 12,300	2007 est.
28	United Kingdom	\$ 35,300	2007 est.	88	Mauritius	\$ 11,900	2007 est.
29	Isle of Man	\$ 35,000	2005 est.	89	Bulgaria	\$ 11,800	2007 est.
30	Bahrain	\$ 34,700	2007 est.	90	Turks and Caicos Islands	\$ 11,500	2002 est.
31	Germany	\$ 34,400	2007 est.	91	Kazakhstan	\$ 11,100	2007 est.
32	San Marino	\$ 34,100	2004 est.	92	Romania	\$ 11,100	2007 est.
33	France	\$ 33,800	2007 est.	93	Antigua and Barbuda	\$ 10,900	2005 est.
34	Japan	\$ 33,800	2007 est.	94	Uruguay	\$ 10,700	2007 est.
35	Spain	\$ 33,700	2007 est.	95	South Africa	\$ 10,600	2007 est.
36	European Union	\$ 32,900	2007 est.	96	Lebanon	\$ 10,400	2007 est.
37	Faroe Islands	\$ 31,000	2001 est.	97	Belarus	\$ 10,200	2007 est.
38	Italy	\$ 31,000	2007 est.	98	World	\$ 10,000	2007 est.
39	Greece	\$ 30,500	2007 est.	99	Brazil	\$ 9,700	2007 est.
40	Monaco	\$ 30,000	2006 est.	100	Turkey	\$ 9,400	2007 est.
41	Taiwan	\$ 29,800	2007 est.	101	Dominican Republic	\$ 9,200	2007 est.

42	Israel	\$ 28,800	2007 est.	102	Turkmenistan	\$ 9,200	2007 est.
43	New Zealand	\$ 27,300	2007 est.	103	Cook Islands	\$ 9,100	2005 est.
44	Slovenia	\$ 27,300	2007 est.	104	Azerbaijan	\$ 9,000	2007 est.
45	Cyprus	\$ 27,100	2007 est.	105	Panama	\$ 9,000	2007 est.
46	Brunei	\$ 25,600	2005 est.	106	Anguilla	\$ 8,800	2004 est.
47	Falkland Islands (Islas Malvinas)	\$ 25,000	2002 est.	107	Macedonia	\$ 8,400	2007 est.
48	Liechtenstein	\$ 25,000	1999 est.	108	Saint Kitts and Nevis	\$ 8,200	2005 est.
49	Cyprus	\$ 24,600	2007 est.	109	Algeria	\$ 8,100	2007 est.
50	Korea, South	\$ 24,600	2007 est.	110	Thailand	\$ 8,000	2007 est.
51	Czech Republic	\$ 24,400	2007 est.	111	Belize	\$ 7,800	2007 est.
52	Macau	\$ 24,300	2005	112	Suriname	\$ 7,800	2007 est.
53	Malta	\$ 23,200	2007 est.	113	Serbia	\$ 7,700	2007 est.
54	Bahamas, The	\$ 22,700	2007 est.	114	Peru	\$ 7,600	2007 est.
55	Aruba	\$ 21,800	2004 est.	115	Palau	\$ 7,600	2005 est.
56	Portugal	\$ 21,800	2007 est.	116	Tunisia	\$ 7,500	2007 est.
57	Estonia	\$ 21,800	2007 est.	117	Colombia	\$ 7,200	2007 est.
58	Trinidad and Tobago	\$ 21,700	2007 est.	118	Cyprus	\$ 7,135	2007 est.
59	Saudi Arabia	\$ 20,700	2007 est.	119	Ecuador	\$ 7,100	2007 est.
60	Greenland	\$ 20,000	2001 est.	120	Cape Verde	\$ 7,000	2007 est.

Table 7. 3: Rank order – GDP per capita

Source: CIA, the World Factbook

In addition to the trade negotiators' perception of Thailand's position in the global political economy, the direct experience of Thai negotiators in multilateral trade negotiations was still somewhat immature. As a result, Thai negotiators, though very small in number, had to try very hard to influence the outcome of the negotiations by employing bargaining strategies and tactics where possible in order not to be marginalised in the formation of global rule governing international trade. By attempting to address the key question that underpins this research: what is the best bargaining strategy for small developing countries like Thailand to use to offset the bargaining power disparity in multilateral trade negotiations?, this section presents an assessment of Thai bargaining strategies and tactics in terms of the outcome achieved in the Uruguay Round.

Odell argues that his framework is a mere attempt to describe negotiation behaviours and does not amount to a judgement on whether the strategy was good or bad.

Although this research also does not intend to make a judgement on whether a given strategy is good or bad, it aims to identify which bargaining strategy works more effectively and increases bargaining power, supported by the empirical evidence in the case study of Thailand's participation in the Uruguay Round. In addition, the underlying principle in negotiation, to protect one's own interests and to increase the gain in line with one's interest, is reflected in an attempt to do better than the status quo. Evidently, the notions of interests and power - in term of bargaining power here – seem to reinforce the relevance of a mainstream realist perspective in the field of international trade politics. Yet, it is important to note that power structures might influence negotiations towards a set of outcomes, but negotiation interactions themselves shape outcomes and the exercise of power. In summary, both power structure and the negotiation process matter.

According to Singh, bargaining strategies like agenda-setting and coalition-building allow developing countries to achieve more gains. As discussed in the previous chapter, Thai negotiators participated frequently in both formal and informal meetings, as well as using the popular frame of 'freer and fairer trade' to influence the agenda-setting process. Also, Thai negotiators utilised coalitions such as the ASEAN and the Cairns Group to acquire more bargaining power on the issues being negotiated, particularly in agriculture. In fact, credible unilateral threat is another tactic, falling into the distributive strategy category that can be used to influence the outcome. Nevertheless, without ability and credibility, unilateral measures or domestic policy means were used mainly by major players to constrain the other

parties' choice during the negotiation. As noted earlier, this was the United States' chief instrument. Particularly in intellectual property, unilateral sanctions and pressures consistent with its own domestic section, 301 of the Trade Act of 1974 and refusal to renew privileges like the GSP were very effective. The unilateral measure or sanction was not a viable or sensible option of strategies for developing countries. Likewise, despite the fact that in theory even the weakest state is equipped with an authority to block a consensus in the decision making process, the truth is that this seemingly sensible tactic to shift the outcome of the agreement in favour of that state is very unlikely to be used. The de facto norm of consensus-based decision-making in the GATT/WTO, rather than majority voting, means that every member either assents or, if none of the members disagree with a decision, it is assumed that a consensus has been arrived at. Commonly, developing countries choose to remain silent because they would otherwise definitely face a lot of pressure both inside and outside the organisation. Plus, they are reluctant to block a consensus because other countries would be aware of their vulnerability and their need on other issues being discussed at all levels of negotiations, whether bilateral, regional, or multilateral. Hence, it is highly unlikely that developing countries or small countries like Thailand would utilise this bargaining tactic. At first glance, bilateral negotiations might offer another path via which developing countries are able to improve bargaining power when multilateral negotiations do not look promising. It is, therefore, clear that developing countries do have fewer options in the variety of bargaining strategies and tactics available to them in international trade negotiations.

In order to assess the effectiveness of the strategy, it is necessary to examine whether the objectives set out before entering the negotiations have been achieved; with that in

mind, Thailand was reasonably successful in her achievements. In the eyes of Thai negotiators, what was achieved in the Uruguay Round was very much acceptable, although it was not an ideal outcome. As mentioned in the previous chapter, Thai negotiators, mainly dominated by officials from the Ministry of Commerce, most of whom are free-trade enthusiasts³¹⁷, had three main objectives in mind. Firstly, trade rules were to be strengthened enough in order to shield a small country like Thailand from unilateral action or bilateral pressures from the powerful trading counterparts. Secondly, agriculture would remain under the GATT and there was to be disarmament from the US and the EU in the farm wars; and finally, the textiles quota under the MFA would be eliminated in order for new issues to be negotiated.

As summed up in the previous section, Thai negotiators participated actively in the agenda-setting process to make sure that trade rules would be emphasised. Seemingly, the overall objectives of the trade negotiators were met. Although a power distribution theorist would argue that the overall package of outcomes of the Uruguay Round still pretty much revealed gains in developed countries' favour, the Uruguay Round Agreements suggest that the outcome for Thailand was deemed rather a success in the sense that trade rules were being strengthened and agriculture was included in the Final Act. Although Thailand had to make more concessions in the area of intellectual property, it should not be seen as a total disadvantage resulting from failing bargaining strategies. Instead, it should be viewed as a direct consequence of bilateral pressure from the United States on the renewal of the privileges under the GSP

³¹⁷ This may be due to their educational background. Most of the trade negotiators interviewed graduated in the US. This might be one possible explanation as to why most of them are free-trade enthusiasts. Also, it was observed during the interviews with the Thai trade negotiators that they all have similar preference in liberal ideology and are more free-trade oriented, as well as pro WTO. Personally, the author feels that this may also be derived, apart from their educational background, from the culture of or the dominant ideology within the trade bureaucracy.

programme on Thai exports. For many, the concession on intellectual property protection was seen as a quid pro quo for the grant of GSP for Thai exports, notwithstanding the fact that it should have been granted unconditionally.

If it is argued that the fact that agriculture issues were eventually included in the Final act was a success, then the strategies used by Thai negotiators, especially coalitions, can be regarded as considerably effective in that sense. Although it has to be accepted that without the desire of the US to bring agriculture into the UR negotiations, pressured by its own agribusiness interests, agriculture might still remain outside the GATT. In fact, that might have been the determinant factor why agriculture was finally brought back under the GATT rules.

From the point of view of Thai negotiators, the coalition strategy, coupled with the merging interests of Thailand and those of the US, improved the status quo of Thailand in agriculture. However, when specifically looking into the agreement, the gain was not so substantial. In the case of rice, the apparent objective of Thailand in participating in the agriculture negotiations was to see a halt to the US rice export subsidies, which had a direct impact on the world market price. A protest about the Farm Act 1986 in front of the US embassy in Bangkok by Thai farmers might have been a real driver for Thai governments to seek an outcome through multilateral channels. Thailand opted to join the Cairns Group coalition and, to a certain extent, Thailand was able to employ the use of the Cairns Group coalition to achieve the agricultural liberalisation. However, it is important to note that, although Thai negotiators achieved substantial outcomes in the Uruguay Round through the use of coalition, coalition-building was not the only factor that contributed to their success.

Additionally, there were cases where Thailand did not utilise the coalition to fully achieve its gains. For example, the negotiators from the Cairns Group focused on the US export subsidies under the Export Enhancement Program (EEP) because this had a greater effect on exports from Australia, New Zealand, and Argentina, especially wheat. In fact, the US rarely employed the EEP to support rice exports. Instead, they used domestic supports in order to subsidise exports on rice, since most of the rice produced in the US was not for domestic consumption, but rather for exports. The US deficiency payments programme was one of the domestic support policies that had a direct effect on rice exports from Thailand.³¹⁸ Surprisingly, given the importance of the negotiations, Thai negotiators overlooked this fact and did not emphasise this information to the Cairns Group to help negotiate on this point. This was an error on the Thai negotiators' part. However, they stressed that this kind of error could be avoided if there had been more involvement from domestic businesses and more policy coordination among relevant bureaucrats.³¹⁹ As a result, Thai interest in trying to limit the use of this kind of domestic support, on the basis that in some cases domestic supports would have the same effect as export subsidies, did not appear in the Final Act. Nor did it appear in any other proposals by Thailand or the Cairns Group. In addition, the US deficiency payments programme, along with the EU compensation payments, was later included in a separate 'Blue Box' as part of the Blair House bilateral deal between the US and the EU.

³¹⁸ นิพนธ์ พัวพงศกร, ผลกระทบของการเจรจารอบอุรุกวัย ต่อสินค้าเกษตรในตลาดโลก และภาคเกษตรของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 99. [Puapongsakorn, Nipon, *The Impact of the Uruguay Round Negotiations on World Agricultural Products and the Agriculture Sector of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 99.]

³¹⁹ The interview, Sirinart Jaiman, September 2005.

It is vital to note that, in the case of Thailand during the Uruguay Round, agriculture negotiations were normally and typically negotiated by diplomats unfamiliar with agricultural conditions. And the diplomat or officials responsible for agricultural conditions or agricultural policy are, more often than not, not fully aware of the linkages between issues. Hence, it is necessary to have a working collaboration in place between the trade negotiation office and other relevant bureaus. However, in Thailand's case, collaborations between offices and departments posed a rather problematic situation. Generally, officials in other departments and ministries regarded trade negotiations as the direct responsibility of the Ministry of Commerce and did not consider them to fall within the scope of their duties. As noted earlier, this was a result of the lack of awareness of the GATT in general and the importance of the Uruguay Round negotiations in particular. Therefore, very little attention was paid to following the process by officers in other departments. As a matter of fact, the situation of the miniscule number of Thai trade delegates was exacerbated by the fact that they did not have proper negotiation training. Neither were they instructed on the issue or agenda being negotiated beforehand. Additionally, with the expansion of the agenda through the inclusion of such very complex and slippery issues as services, intellectual property, technical barriers, and sanitary and phytosanitary standards, the trade negotiators' capacity for analysis and for turning such analysis into sound negotiating positions was a wearisome burden, although conditions and the environment for trade negotiators have significantly improved since then. This resulted in a lack of cooperation on information transfer to advise the trade negotiators on how to proceed in Geneva. Plus, without a full understanding from other bureaus of how time-constrained trade negotiators were and without the authority of trade representatives, trade negotiators, most of the time, could not

directly contact officials in other offices to get the information they needed. They had to send documents asking for information needed to make decisions on bargaining strategies formation to the office of the permanent secretary of other ministries; then, the office of the permanent secretary of those ministries would pass the work down to officials who were responsible. Typically, this very hierarchical version of bureaucracy hindered the process of producing an effective national interest formation, as well as the formulation of strategies.

For instance, in the case of poultry, the Department of Foreign Trade only found out after the conclusion of the Round in Marrakesh that the EU formula for calculating the quotas for Thai poultry was not in line with those of the GATT. However, Thailand was not able to complain that the EU modalities violated the GATT rules, since the signing in Marrakesh indicated that Thailand agreed to accept the attached formula calculation for market access from the EU. This case of the EU quota for poultry illustrates a lack of resources and cooperation between relevant departments on the Thai team. This, however, could be avoided if other domestic actors such as businesses had paid attention and helped inform the positions. Besides, this information gap could have been avoided if officials in other departments and ministries had been more aware of the significance of trade negotiations and the GATT.

This thesis seeks to explore the roles of politics of agriculture within Thailand's position in the Uruguay Round negotiations by examining different sectors and different domestic actors to see the influence over the position taken by trade negotiators in the Uruguay Round. As discussed in previous chapters, according to

Odell, every official trade negotiator will have three types of objectives: economic gain, relational power, and domestic political popularity; and, these goals may not be fully consistent with one another.³²⁰ As a consequence, negotiators for any country may vary their priorities according to the issue, environmental conditions, or experience. It is with these environmental conditions that all government economic negotiators are embedded in complex two-level games.³²¹ Odell also made clear that different domestic political conditions have a different impact on the effectiveness and success of the strategies used in international negotiations.

For that reason, the prawn and poultry industry in Thailand were chosen to see if there is any active domestic lobby group affecting the process of trade policy and bargaining strategies formation in Thailand; and if there are such groups, what are their roles and importance to domestic political conditions for negotiations at the Uruguay Round? Therefore, further probing into the influence of these two industries on Thailand's trade positions and bargaining strategies would at least yield insight into how negotiators balance farm interests at home, if any. It could also test the hypotheses by seeing if the trade positions and interests are indeed the outcome of well-balanced interests at home.

That being said, the finding was somewhat different from what had been presupposed by theories of domestic interest groups and was, in fact, rather disappointing. In the case of bargaining strategies used during agriculture negotiations in the Uruguay Round, the positions and strategies were, in fact, influenced and formulated by the

³²⁰ Odell, John S., *Negotiating the World Economy*, London: Cornell University Press, 2000, p. 25.

³²¹ *Ibid.*, p.109.

policy makers themselves. At the beginning, it was believed that the choice of coalitions such as the Cairns Group was affected by the locally abundant factors – agriculture in the case of Thailand, as proposed by Rogowski, based on the Heckscher-Ohlin model. In the initial phase of the study, the decision to include these two different agricultural industries was based on the hypothesis that participation in the globalising world is no longer the privilege of state actors but also includes non-state actors such as NGOs and civil societies. However, the study has shown that this was not the case in Thailand. The positions and trade policies of Thailand during the Uruguay Round largely came from a handful of officials who were interested in international trade or at the time were assigned to be responsible for negotiations within the Ministry of Commerce. As mentioned earlier, the next-to-nonexistent influence of Thai farmers or interest groups on the issue of the negotiating position of Thailand shows that Thai interest or negotiating behaviour is not explained by the theories of domestic interest groups. Although Thailand, as a state-unit, coalesces with other agriculture commodity exporters at the international level, Thai farmers do not influence decisions. Domestic theories of international bargaining depict international trade negotiations as a two-level game, where domestic bargaining affects the positions that states adopt in the international sphere. Domestic forces may influence international negotiations with regards to a concern about foreign policy or for pure private interest. In Thailand's case, especially in the Uruguay Round, domestic constituencies did not and could not influence trade negotiations conducted internationally. It is salient in the case of the domestic participation of the two industries, which are amongst the top exports of Thailand, that theories of domestic interest groups are inadequate in explaining Thai negotiating behaviour.

Although a small number of public consultations were held with academics and local businesses, a belief that the GATT was distant from their responsibilities and economic interests made them indifferent to the negotiation processes and agenda. One amusing statement by the former Deputy Minister of Commerce and the leader of the Thai delegation to Punta del Este, Mr. Prachuab Chaiyasarn, actually sums up the lack of awareness of the GATT negotiations by the public during that time. To recap, most people did not understand what GATT was; and amusingly many Thais actually confused the word “GATT” with “gas”.³²² He once mentioned in a conference that when he discussed the GATT, occasionally he would receive a question on whether the price of gas was to be increased.³²³ During the Uruguay Round negotiations, the role of business in helping to form the positions in negotiations was rather modest.³²⁴ The interconnectedness of the international political economy was not felt by many local businesses until the implementation period. It was only after the Uruguay Round was concluded that domestic businesses started to pay attention. Plus, the media did not pay sufficient attention to trade negotiations under the GATT, presumably due to a lack of awareness on the topic from both the media and wider public.

As stated earlier, given the failure of Thai trade negotiators to swiftly devise information on the EU modalities on poultry, this problem could have been overcome if domestic constituencies and alignments had paid adequate attention and displayed

³²² Interview, Commercial Advisor of the Permanent Secretary ministry of Commerce Ms Chutima Bunyaprapassara, former Deputy Director General of Department of Trade Negotiations, September 2005. Also, ministerial declaration, in conference paper, September 1987.

³²³ กรมเศรษฐกิจการพาณิชย์, กระทรวงพาณิชย์, *การเจรจาการค้าหลายฝ่ายรอบอุรุกวัย และผลประโยชน์ของประเทศไทย*. กระทรวงพาณิชย์, กันยายน 2530. หน้า 10. [The Department of Business Economics, the Ministry of Commerce, *The Uruguay Round of Multilateral Trade Negotiations and Thailand's interests*. The Ministry of Commerce, September, 1987, p. 10.]

³²⁴ Interview, Dr. Preeyanuch Malakul Na Ayudhaya, Bangkok, September, 2005.

sufficient concern. Fortunately, this has changed since the conclusion of the Uruguay Round. Domestic constituencies and alignments including businesses, academics, and NGOs are now more aware and concerned about the negotiation processes under the WTO and participate actively in the formulation of trade policies, bargaining positioning as well as bargaining strategies. In a sense, the Uruguay Round was therefore a learning curve for Thailand in the international trade arena. This, in turn, reflects the process of globalisation which heralds the evolution of a different kind of state where business and civil society can have a new role in actively participating in the international economic order.

Nevertheless, it is still important to point out that, although the role of businesses and civil societies in influencing trade policies and the choice of bargaining positions and strategies have changed since the end of the Uruguay Round, Thai farmers, in this case chicken and prawn farmers, mostly still remain marginalised in the process of trade policy and bargaining positioning at all levels of trade negotiations. The influence of both poultry and prawn farmers over the formation of bargaining positions has not significantly transformed and has remained trivial since the Uruguay Round. Having had little knowledge of the GATT and the Uruguay Round, nowadays, while on familiar terms with the term the 'WTO', they still have little understanding of what is being negotiated and how it in turn may affect them.

In conclusion, with the use of coalition and agenda-setting strategies, Thailand noticeably achieved the objectives it went to negotiate. The agenda-setting process helped Thai negotiators to place their objectives onto the negotiating table, and the strategy of coalition helped Thai trade diplomats to maintain their proposals on the

table. These two strategies complemented each other; and both strategies assisted in increasing the bargaining power of Thailand's position in the Uruguay Round. The fact that agriculture remained in the Final Act and that international rules for trade were not dismissed from the negotiations is considered to be a satisfactory outcome in the eyes of negotiators. Yet, in the eyes of outsiders, there are ways for negotiators to overcome the shortcoming of the negotiations and to improve the gain on the status quo of Thailand.

Evaluation of Thailand's bargaining strategies in the Uruguay Round

As discussed in detail in the previous chapters, Thailand, like most developing countries, went into the Uruguay Round with objectives to be fulfilled. With a small share of market in the global economy, it was thus difficult for them, along with other developing country delegates, to influence the outcome of the negotiations without resorting to ways to enhance their bargaining power. The previous chapters have discussed the limited range of bargaining strategies Thailand could employ, the actions Thai negotiators adopted to increase the bargaining leverage for Thailand, as well as Thailand's achievement from the Uruguay Round negotiations.

With regards to the case study, the thesis argues that the most effective and viable bargaining strategies in trade negotiations for Thailand, and presumably for most developing countries, are in effect coalition-building and agenda-setting. Small countries like Thailand, constrained by the power structure of the global political economy, did not enjoy much bargaining power. Additionally, bargaining strategies

were limited and constrained. For instance, its small market share made it impossible to use domestic unilateral measures as a threat, or in other words, as a distributive tactic. Furthermore, coalition-building and agenda-setting seemed to be the only feasible options in the eyes of most Thai trade negotiators, hence the best option.

Unquestionably, a threat by less developed countries or by smaller or poorer countries is less likely to be believed in general. Although the consensus-building process should theoretically allow developing countries to block the agreements, the authority to block any agreement by a small country seems, in practice, to be an illusion.

Undeniably, the strategy of credible unilateral threat, viewed as falling into the distributive strategy category, would only be an effective tool for small countries like Thailand if the country either acquired more market share or became more competitive in the global political economy, when achieving a larger market size is considered next to impossible.

During the Uruguay Round, India and Brazil, along with Argentina, Egypt, and the former Yugoslavia, called the Big Five, became the leader of the G-10, which also included another five active members: Chile, Jamaica, Pakistan, Peru, and

Uruguay.³²⁵ Although many of these countries had a similar level of GDPs per capita as Thailand, Thai negotiators chose not to be involved in the G-10 grouping because they recognised that the ambiguity of the service issue could be a valuable

³²⁵ Narlikar, Amrita, *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*. London: Routledge, 2003, p. 55.

bargaining counter with which trade offs in other areas could be sustained.³²⁶ In addition, the negotiators feared that the hard-line blocking strategies of the G-10 would deprive Thailand of potential benefits and possibly impose unfavourable costs. Although Thailand may have been perceived as 'soft' on the position of new issues like services, Thai negotiators had two justifications in mind. Firstly, they did not wish to see the start of the new Round of trade talks delayed because Thailand wished to address the problem of agricultural issues in the GATT as quickly as possible. Secondly, in their view, it was always wiser to bring new issues under the GATT than to leave them to be negotiated bilaterally with the US.³²⁷

The G-10 pursued bloc diplomacy, whereby it threatened to block the talks, and insisted that the talks should only proceed after old commitments and promises from the previous Round had been implemented. This threat to block is seen as a utilisation of distributive strategy tactics by the G-10 in order to shift value from the north, especially from the US, thus denying any gain to the developed countries and the so-called 'Enthusiasts' until the group had been granted their demands. Although the G-10 had both successes and failures to its credit, the shifting position of the group from hard resistance, to eventually allowing a new Round, to the inclusion of the GATS and TRIPS within the Final Act was seen as an implicit weakness of the group itself or of the pure distributive strategy.

³²⁶ Interview, Mr. Kirkkrai Jeerapat, currently the Minister of the Ministry of Commerce. He was the former Ambassador, Permanent Representative to the Permanent Mission of Thailand to the World Trade Organisation. September 2005.

³²⁷ พิเตอร์ ไมตรี อึ้งภากรณ์, *สามมิติของการเจรจารอบอุรุกวัย*. กรุงเทพมหานคร: สำนักพิมพ์คบไฟ และ สำนักพิมพ์ไฉไล, 2538 หน้า 176. [Ungphakorn, Peter, *Three Dimensions of the Uruguay Round Negotiations*. Bangkok: KobFire and WaiLai, 1995, p. 176.]

Despite the G-10's seeming failure, an initial hard line may represent a good bargaining strategy.³²⁸ The slow implementation of the Uruguay Round agreements has raised questions over Thailand's successful outcome in the negotiations, particularly in the case of intellectual property rights. Due to constraints on resources and expertise, there is currently only one legal officer, who is in charge of the conformity of domestic legislation to the GATT/WTO rules.³²⁹ It is widely accepted that the developing countries have been having problems implementing their commitments under the rules due to capacity constraints. Thailand is no exception and is now faced with problems in implementation commitments, since the domestic legal infrastructure had not been readily adjusted prior to the implementation period; hence, the bargaining strategies Thailand pursued failed to achieve substantive results in a real sense.³³⁰ However, it is possible to counter the above claim by pointing out that the reason behind Thailand adopting more strict intellectual property protection measures was more of a result of bilateral demands from the US in return for grant of the GSP.

As discussed in the preceding chapter, the choice of Thailand's bilateral agreements during the Uruguay Round was mainly a result of the US carrots and sticks for the grant of the privilege of the GSP. Hence, it can be contended that negotiating bilaterally would yield the country another effectual bargaining strategy if the country possessed more bargaining power in the first place. More often than not, Thailand

³²⁸ *Ibid.*, p. 77.

³²⁹ Interview with Panisa Suwanmethacharn, Legal Officer, Department of Intellectual Property, the Ministry of Commerce, January 2007.

³³⁰ Interview, Panisa Suwanmetacharn, Legal Officer, Department of Intellectual Property, the Ministry of Commerce,, January 2007.

would fall prey to the unilateral threat of the other side if the other party is a more powerful trading country like the US.

With the limited options available, coalitions and agenda-building seem to be the best strategies small countries like Thailand could utilise. In fact, agenda-setting and coalition-building can be seen as a subtle element of distributive strategies. However, the effectiveness of agenda-building and coalition-building depends very much on how domestic constituencies can help define interests and contribute to research and information gathering. During the Uruguay Round, Thai domestic constituencies played a limited role in helping to define interests and make contributions to research and information gathering. Typically, each government is represented by individuals, but in practice an economic diplomat is limited to some degree by instructions and politics in his or her country. It is widely believed among negotiation theorists that all government economic negotiators are embedded in complex two-level games.³³¹

Domestic-political conditions or domestic alignments operating at level two can influence official agents interacting at level one. Domestic lobbies can tie the hands of negotiators. To sum up, domestic alignments help to specify the zone of agreement for officials. However, the study found that, in the case of Thailand in the Uruguay Round negotiations in general and in the agriculture negotiations in particular, domestic constituencies play very little role in shaping the zone of agreement, particularly in agriculture where there was almost non-existent proactive interest from farm lobbies. Most farmers, including prawn and chicken farmers, did not understand the significance of the GATT and trade negotiations in the Uruguay Round. As stated,

³³¹ See, for example, Peter B. Evans, Harold K. Jacobson, and Robert D. Putnam, *Double-Edged Diplomacy: International Bargaining and Domestic Politics*. London: University of California Press, 1993.

the farmers in the interview revealed that they had never heard of the GATT.

Although, during the time of the interview, they told the author that they then knew what the WTO was, they never interacted with officials from the department of trade negotiations. The only group of officials they knew of was from the department of fishery and livestock, who regularly came to update on what chemicals to be allowed to use in their farms. Moreover, most private sector organisations remained passive in the trade policy making process and the formulation of Thailand's negotiating positions. The only business sector that was aware of the negotiations in the Uruguay Round was the textile manufacturers. This is due to the fact that they had to monitor the negotiations under the MFA anyhow. Although the fact the Thai negotiators had to respect cabinet orders or negotiating guidelines from the capital signifies a two-level game logic, Thailand's experience seems to signify that most negotiation process research and theories have underrepresented the experience and needs of developing countries.

It is significantly important to note that, at the personal or individual level, Thai negotiators did not only use integrative tactics, but also both defensive and offensive variants of a distributive or value-claiming strategy. These tactics included, for example, avoiding revealing information about their own genuine objectives and priorities; criticising the other countries' actions or proposals; and simply denying the capacity to deliver what was demanded.

It can be argued that Thailand, as a unit, attempted several bargaining strategies, both distributive and integrative, to enhance its participatory ability at the Uruguay Round. By incorporating tactical elements from both ends, Thailand employed a so-called

mixed strategy. Nevertheless, as discussed in detail in this chapter, Thailand drew more on mixed-integrative strategies. There may be one plausible explanation for this choice. The preference for compromises and avoidance of confrontation in Thai negotiating custom, coupled with the negotiators' beliefs of the unlikely effective results of a pure distributive strategy, led the Thai delegates to balance the strategies into a mix. Thus, the past experience of Thai negotiators at the Uruguay Round appears to reaffirm that a mixed strategy is likely to be more effective. Therefore, the thesis argues that, apart from coalition-building and agenda-setting, Thailand needs to use a mixed bargaining strategy to attain better outcomes.

Chapter 8:

Lessons learned and implications for other developing countries

The preceding chapter discussed an assessment of the effectiveness of each bargaining strategy utilised by Thai delegations in the Uruguay Round and evaluated the inherent weaknesses of each strategy. Discussion in this chapter now turns its attention to the picture of the Thai trade policy formation process nowadays and how it has transformed and improved since the end of the Uruguay Round. The section also explores how the transformation has affected the development of the bargaining strategies structure in Thailand. Finally, it explores the implications that the Thai case study bears for other developing countries, particularly new entrants to the WTO.

The changing negotiating context and the adaptation of Thailand's bargaining strategies: from the Uruguay Round to present

The context of international relations has changed dramatically since the end of World War II. The development of a global political economy has becoming increasingly apparent and many countries have come to recognise the process of globalisation rather than communism. This has changed relationships among countries from being based on military and security diplomacy to being formed by economic and trade relations. The global community has also witnessed the changing structure of the

institution accountable for trade relations, from the GATT to the more formal structure of the WTO in the past half century.

As discussed in the earlier chapter, Thailand has a long history of trade relationships with other countries. However, negotiations were mainly focused on simply trading, since the productivity and industry structure of the Thai economy was still in its infancy and the attitude of most officials towards negotiations was more of a passive rather than a proactive nature. Additionally, the fact that the agenda was limited to buying and selling made trade negotiations appear insignificant. However, the environment for negotiations has changed both internally and externally, inducing Thailand to actively participate in all levels of international trade negotiations.

There have been several factors contributing to Thailand's engagement in international economic negotiations up to now. Firstly, Thailand has become more competitive in international trade over the past forty years, propelled by the export-led development policy of successive governments. Secondly, protectionism has started to decline and given rise to the process of globalised liberalisation, more so than in some countries. Similar to other developing countries, Thailand has become a competitive exporter. This created a predicament for major trading countries, who then sought competitive advantages in new areas of trade such as services and investments. Most trade officials and negotiators believe that restriction and protection do not benefit any country in the long term. Liberalisation attracts foreign investment and, at the same time, boosts productivity and exports, thus improving the quality of life for local consumers. However, they recognise that protectionism prevails in the sphere of international trade politics, but perhaps in a new disguise by

introducing issues such as the environment, workers' rights, workers' standards, and competition policy. In the eyes of Thai negotiators, the only way to at least ease the ferocious trend of liberalisation and to protect national interests is to directly engage in economic negotiations. Certainly, economic activities across the globe have been evolving and will continue to evolve and may change form. Thus, there can never be the best or the most perfect trade rules of law; there can only be compromises reached by trade negotiations.

Indeed, Thailand has been engaging in all levels of trade negotiations as a result of being more or less forced to undertake trade negotiating activities by a range of drivers. Change and improvement in production structure, economic expansion, and the impact of globalisation were among the factors causing Thailand to inevitably participate in negotiations and learn the tricks of trade negotiations on the job.

Thailand began to negotiate bilaterally because of the trade deficit with Japan. Negotiating bilaterally was the starting point for Thailand to learn and accumulate experience in trade negotiations. Since 1986, the country has experienced rapid economic development and growth. The fact that it was doing relatively well in international trade obviously invited bilateral negotiations from both the US, concerned with Thai exports of textiles, and the EU (or the EC), concerned with cassava.

It is necessary to point out that most of the bargaining strategies were a product of learning by doing and of trial and error within the institution of the GATT. However, the process of multilateral negotiations has evolved both for Thailand and for the

global community. The creation of the WTO, a newer economic organisation, is now part of trade negotiators' context. Now that Thailand has been a member of the GATT/WTO for 25 years, there have been apparent changes in the domestic bureaucratic structure to enhance participatory ability in the WTO, partially as a result of the learning process from past bargaining experiences and partially as a direct result of the Uruguay Round agreements. Figures 8.1, 8.2, and 8.3 below show the renewal of economic strategies as a result of the learning process and past experiences.

Renewal Strategy in Response to Globalization

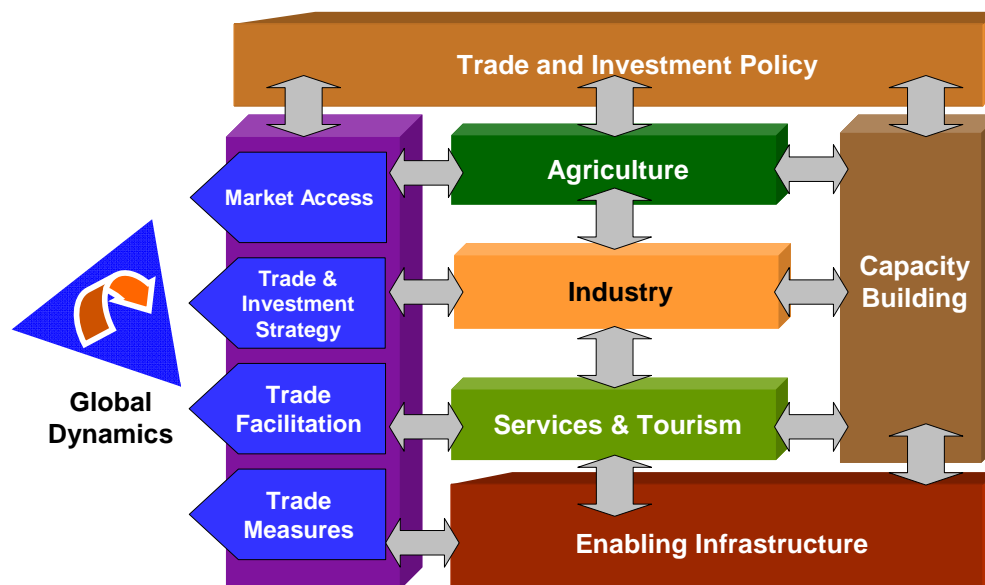


Figure8. 1: Renewal Strategy in Response to Globalisation.

Source: Department of Trade Negotiations

Cross-Cutting Strategies Among FTA Regional and WTO Agendas

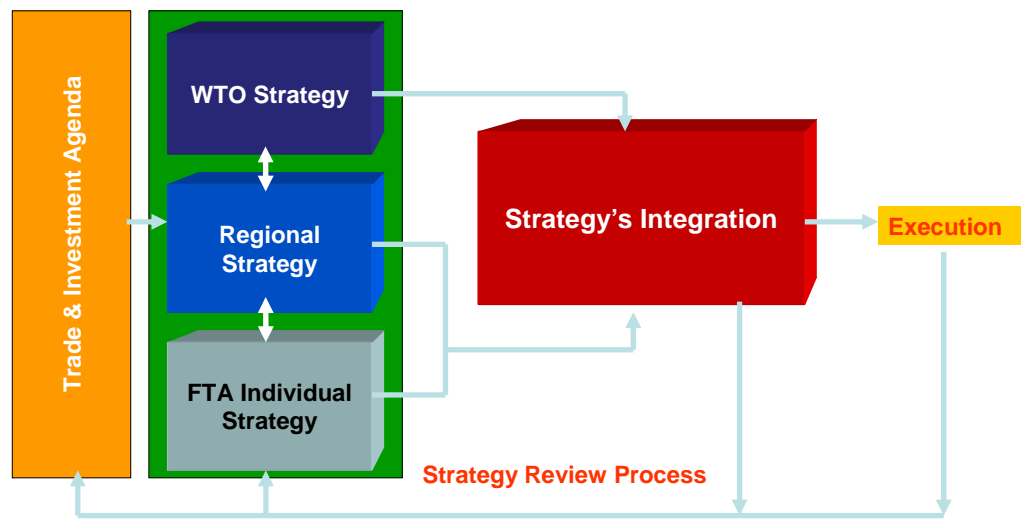


Figure8. 2: Cross-Cutting Strategies among FTA Regional and WTO Agendas.

Source: Department of Trade Negotiations

Policy Initiatives in Response to Globalization

International Trade & Investment Policy

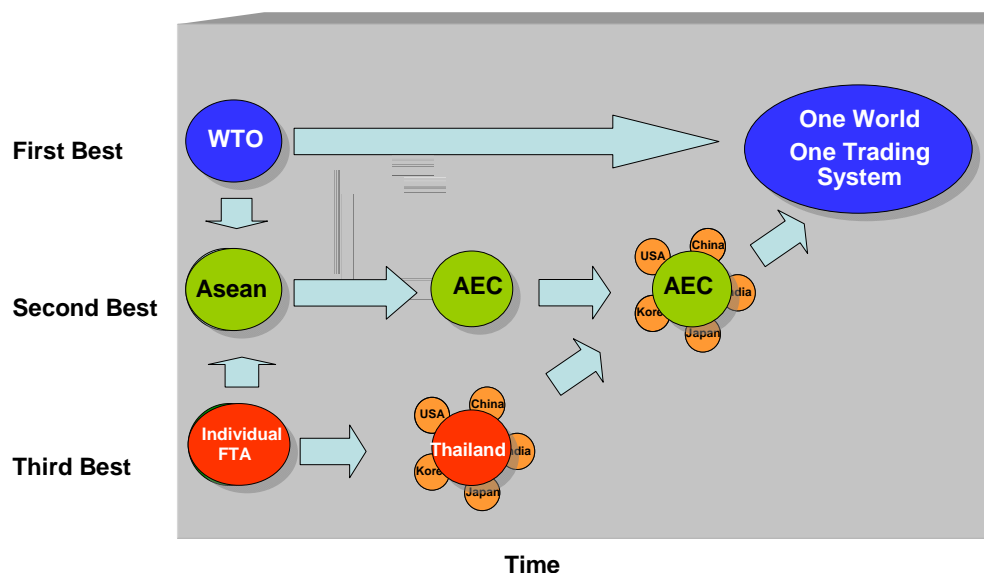


Figure8. 3: International Trade & Investment Policy.

Source: Department of Trade Negotiations

What has Thailand learned from the Uruguay Round?

Because of the immaturity of Thailand's experience in multilateral trade negotiations in the past, negotiators were inevitably faced with problems both domestically and internationally. However, the Uruguay Round was the stepping stone for Thailand to learn its weaknesses in international negotiation, which are inherent at a national level.

Lack of clarity in trade policies

Domestically, there was a lack of clarity in trade policies. Domestic politics paid little attention to international trade negotiations. Multilateral trade negotiations only became part of the policies of the government in 1989, driven by permanent trade officials.³³² Even among permanent officers, trade negotiations seemed to be a waste of time, unlike trade promotion which offered more tangible results and, hence, was better for their careers. Furthermore, the direction and objectives of trade policies and negotiating strategies fell within the responsibility of a handful of permanent trade officials because most political officials did not fully comprehend the dominant globalising trend of the international political economy.

In addition, disagreements in trade negotiations vary in scope and degree. If a dispute arises from policies or trade measures, it can be solved relatively easily. However, if the international dispute arises from the difference in domestic jurisdictions, it is

³³² เกริกเกริกไกร จีระแพทย์, การเจรจาการค้าระหว่างประเทศของไทย, กรุงเทพมหานคร, บริษัท คู่แข่ง จำกัด, ปี 2539, หน้า 143.
[Jeerapat, Kirkkrai, *International Trade Negotiations and Thailand*. Bangkok: Ku Kang, 1996, p. 143.]

accordingly more complicated to solve because the resolution process has to go through the due process of the law. In the past, national economic interests in the formation of negotiating positions have not been explicitly understood by all the domestic players. Policy-makers had a modest vision of the international trade negotiation processes. On the other hand, economic requests or proposals by other countries in trade negotiations have been utilised as a political tool to topple the government. More often than not, the dispute is a politically sensitive issue. For example, the amendment to the copyright law in 1989, as well as the objection to the modification of the patent law in order to protect international pharmaceutical products, was used as a political means to topple the existing government at that time.³³³ On the one hand, this can sometimes be a strategic advantage in trade negotiations, since Thai negotiators can mobilise this as an excuse not to take action according to demands from other parties. On the other hand, it can be misleading because it limits the range of opportunities in trade negotiations. Occasionally, policy-makers did not have the courage to make political choices. Generally, trade disputes, especially in the case of intellectual property with the US, arose from differing bureaucratic systems and internal law-making. In Thailand, amendments to the law were difficult to execute because of the political structure. The balancing political system, as well as the coalition-party government and parliament, were the main impediments to the amendment of laws. Consequently, those in power avoided making decisions or used the policy to prolong the time to make decisions. This creates a problem for those involved in trade negotiations at a technical (or official) level.

³³³ *Ibid.*, p. 75.

Lack of unity in the management structure of trade negotiations

Another problem in international trade negotiations for Thailand came from the lack of unity in the management structure and the negotiating process. There was no body dedicated to trade negotiations to gather together all the information needed. In Thailand, different forms of information related to trade negotiations in the GATT belonged to different departments and ministries. As a result, it was very difficult to develop a unified position because of the conflicting loyalty towards different ministries. In other words, this represents a ‘silo’ problem or policy chimneys in terms of the UK literature.³³⁴ In addition, the configuration of trade policy formation was normally duplicated among departments. As a result, there was a lack of unity, at both policy and implementation levels. Diverse procedures in strategy formation among different organisations made officials aware and responsive to only their own challenges. The officers or even politicians involved in trade negotiations thus wished to maintain the status quo because they did not understand the overall picture of the problems and true gains of the negotiations. As a result, they attempted to keep the status quo, and they disliked any procedural changes because they were concerned more with their individual or personal interests and feared negative effects resulting from the changes. This led to the lack of an overall strategy in the bigger framework, leading to conflicting interests and strategies among involved officials even in the same negotiating forum like the Uruguay Round. For instance, agricultural liberalisation was identified as the objective and the national interest; meanwhile, officials from the Ministry of Agriculture wanted to maintain the status quo and did

³³⁴ Jordan, Grant, and Halpin, Darren, ‘The Political Costs of Policy Coherence: Constructing a Rural Policy for Scotland’, in *Journal of Public Policy*, 26, 2006 (I), 21 – 41.

not wish to see liberalisation in order to protect some sectors from outside competition.

Additionally, the attitudes of many officials from different divisions towards international trade difficulties remained conservative in a sense that protectionism and rent-seeking remained acceptable and preferable in some cases.³³⁵ Without fully realising the interconnectedness of the global political economy, the product of economic globalisation propelled by technological advancement, most policy makers in both domestic and international spheres lacked the willingness to make the decisions necessary for strategic actions in multilateral trade negotiations.

Lack of resources

Another problem that undermined the abilities of Thai negotiators to participate effectively in the Uruguay Round, apart from the language barriers, was the small number of staff. There were only three staff-members based in Geneva. At the time of the Uruguay Round negotiations, these officials were not full time negotiators devoted to mere trade negotiations. Rather, they were staff for the Office of Commercial Affairs, dealing with general commercial matters such as export and import. Rather forced by the situation, the staff had to become engaged in day-to-day negotiations in the GATT, as well as all small informal meetings and dinner invitations. It is important to note the significance of the dinner parties, since they are vital in a sense that they function as a consultative forum, where information on the positions of other countries' delegates can be collected. The fact that Thailand was very small in terms

³³⁵ *Ibid.*, p. 145.

of military and economic power in the global economy made the delegates and officials work harder to be recognised by other countries' delegates. Hence, it was a necessity for a negotiator to attend all meetings and negotiations because other countries would be aware of the presence of Thailand only if they recognised its representatives. One negotiator noted that the politics of negotiations are present at all levels. For instance, when the US trade representative made a speech, everyone in the negotiation room would go quiet because in some way or the other the trade policy adopted by the US would have an impact on each and every country's economic interests, either directly or indirectly. In contrast, hardly any diplomats would pay careful attention to what smaller countries' delegates, for example, those from African countries had to say.³³⁶

Lack of formal training to increase participator ability

Also, there was no formal training for negotiators or delegates. For instance, in agriculture negotiations, the Thai position was formed by the Ministry of Agriculture and Cooperatives. However, the representative from the Ministry of Agriculture and Cooperatives who was sent to help with the negotiations had absolutely no information concerning the negotiations in general.³³⁷ This was seen as a weakness of Thai negotiators.

In fact, the Thai negotiators could have increased participatory ability by increasing bureaucratic capacity in order to generate domestic commercial and political interests

³³⁶ Interview, Chutima Bunyapraphasara, Commercial Advisor, August 2005.

³³⁷ Interview, Khun Pisan Leuthongjak, a former delegate from the Ministry of Agriculture and Cooperatives to Geneva, August 2005.

at the capital. However, the tiny size of delegations in Geneva already indicated that, initially, the Thai government was not fully committed to the GATT system and did not realise the significance of the Uruguay Round. This was even more so for the small businesses and farmers in Thailand on whom the agreements, particularly the agreements of agriculture, would have most impacted. Indeed, there have been some rumours that those high ranking officials assigned to deal with the trade negotiations were the victims of domestic politics; they were sent to Geneva so that they would not have an important role in internal politics back home in Thailand.

What has been changed?

In response to the lessons learned from the past failure of the Thai negotiating experiences at the Uruguay Round, there have been changes made to the way the Thai government conducts business in the international economic arena, especially in trade. This section outlines the changes below.

Attitude of policy makers towards trade and investment policy

Now, almost twelve years after the creation of the WTO, Thailand tries harder and harder to influence the agenda and the outcomes of negotiations. Believing that only those who play the game have any chance of winning concessions, Thai negotiators frequently chose to pursue a more pragmatic strategy in domestic, bilateral, and regional policies. They worked with developing and industrialised countries alike in an effort to reach agreements on issues of importance to the country.

At present, Thailand's approach to the WTO ought to be understood within the wider context of the country's global economic strategy. The strategy is inspired by two crucial imperatives: the necessity to take account of Thailand's national, political, economic and developmental circumstances; and the obligation to develop the growing competitiveness of the Southeast Asian region under conditions of enhanced economic globalisation. The direction of policy in Thailand remains committed to trade and investment liberalisation as a means of improving competitiveness and achieving poverty alleviation objectives. However, at the same time, Thailand has pursued the "dual track" approach of strengthening the domestic economy and also integrating Thailand more into the global economy.³³⁸

At the multilateral level, the strategy seeks to engage assertively with economic globalisation. To that end, Thai negotiators have emphasised the importance of multilateralism and Thailand remains committed to the implementation of the UR obligations. Regionally, it seeks to consolidate trading arrangements towards the integration of Thailand in the global economy by engaging in voluntary trade liberalisation within APEC, and regional liberalisation within ASEAN. At a bilateral level, it identifies specific countries for engagement as strategic trade and investment partners. The country is also seeking to expand bilateral trading arrangements with various countries, namely Australia, China, India, Japan, and the US, stating objectives of enhancing and maintaining competitiveness, protecting economic benefits, gaining greater access to overseas markets, and transforming the country into an investment hub in the region. The expanding trade negotiations agenda reflects the government's policy of systematically opening the economy to foreign competition

³³⁸ Talerngsri, Pawin and Vongkhorporn, Pimchanok, 'Trade policy in Thailand: pursuing a dual track approach' in *ASEAN Economic Bulletin*, April, 2005, p. 2.

and promoting exports and inward investment to support growth and employment. In essence, Thailand's economic strategy has as an overarching objective to reduce the disproportionate reliance of the country's trade on traditional foreign markets, particularly the US; the strategy is to facilitate the emergence of Thailand as a dynamic, outward-oriented manufacturing economy.

Improvement of strategies and capacity-building

Obviously, the most efficient way to acquire expertise in the economic negotiation process is not to rely completely on learning by doing. Nonetheless, this is exactly what often happens. Since the Uruguay Round, the negotiating skills and initiative of the Thai delegates have been conventionally Geneva-based. Largely a product of trial and error, the improvement of strategies and capacity-building is a response to past failures and successes of interaction and experiences within the GATT/WTO.

Accordingly, there have been some modifications to the working structure of the trade negotiations process in Thailand.

During and after the GATT's Uruguay Round, Thailand shifted its economic policies towards reliance on international markets and trade for development purposes.

Nonetheless, realising its past experience of limitations in negotiating capacity when participating in trade negotiations at the GATT, both at the capital and in Geneva, Thailand reinforced and established the mission in Geneva. Since then, there has been institutional adaptation to improve effective participation within the newer organisation of the WTO, suggested to the government and the cabinet by permanent trade officials who had been directly involved in the Uruguay Round.

At the capital, the Department of Trade Negotiation, a department entirely dedicated to international trade negotiation, was created to replace the prior Department of Business Economics in 2000. The department was formed within the Ministry of Commerce in Bangkok in the hope of facilitating closer links between the Permanent Mission to the WTO in Geneva, the Ministry of Commerce at the capital, and various stakeholders within the country. Previously, there were only eight officials working in the Department of Business Economics, which became responsible for trade negotiations due to compelling circumstances. To emphasise, four of the staff in the department were administrative. That leaves only four officials working on gathering information, cooperating with other departments and divisions, formulating the national interests and objectives, and identifying the negotiating positions and strategies.³³⁹ Moreover, the four officials working on negotiation had not been trained as trade negotiating specialists. After the conclusion of the Uruguay Round, the new department was established to deal with an increasing agenda and workload of international trade negotiations. Among many divisions in the Department of Trade Negotiations, the Division of Multilateral Trade, the Division of Bilateral Trade, the Division of Regional Trade, and the Division of Services were formed. In addition, the Department of Intellectual Property and the library for international trade were also created.

Furthermore, following the new restructuring of government agencies which came into effect in October 2002, the Ministries of Commerce, Industry, and Finance are now the main agencies responsible for formulating trade and investment policies. Other agencies such as the Ministries of Agriculture and Co-operatives, Public

³³⁹ Interview, Kirkkrai Jeerapat, September 2005.

Health, Energy, Information Technology and Communications and Transport, and the Bank of Thailand (the central bank) are also granted authority to act when issues are specifically related to their responsibilities.³⁴⁰ The Committee on International Economic Relations Policy (CIERP), chaired by the Deputy Prime Minister, was also formed. It has subsequently played a major role in coordinating Thailand's international trade and investment policies. Importantly, all matters related to international economic policy and international trade policy must be considered by this Committee before seeking final approvals and decisions from the Prime Minister and his Cabinet.

In Geneva, Thailand reinforced and established the permanent mission in Geneva. After the creation of the WTO in 1995, Thailand increased its investment in international economic negotiations by establishing the Permanent Mission of Thailand to the World Trade Organisation. During the Uruguay Round, there had been merely the Office of Commercial Affairs, comprising three staff members, under the supervision of the Department of Trade Promotion. As mentioned, they became involved in negotiating participation due to compelling circumstances, since there had not been a proper set of trade delegates available. Due to the small number of staff and the expansive agenda of negotiations, one substitute-like negotiator was normally responsible for negotiating in more than three to four issues and had to initiate negotiating strategies on the spot by drawing upon their sense of the circumstances. Thus, to facilitate better attendance and participation in the WTO meetings, Thailand established the permanent mission, as well as increasing the numbers of delegates from three to thirteen. The Ambassador, the Permanent Representative, was to come

³⁴⁰ Talerngsri, Pawin and Vongkhorporn, Pimchanok, 'Trade policy in Thailand: pursuing a dual track approach' in *ASEAN Economic Bulletin*, April, 2005, p. 9.

from either the Ministry of Foreign Affairs or the Ministry of Commerce. Other delegates and experts were to be drawn from various related ministries ranging from the Ministry of Industry, the Ministry of Science, the Ministry of Agriculture and Cooperatives.

It is intriguing to note that the big jump in the number of delegates from three to twelve seems to signify an increase in government attention and awareness of the significance of trade negotiations at the WTO. In fact, the big immediate increase from three to twelve was rather the effect of the complex Thai bureaucratic system; it was easier to set up a large mission and diminish the number of staff later when necessary than to set up a smaller mission and increase the number of staff at a later date. Indeed, the number of staff has decreased since the financial crisis because the very high living costs in Geneva simply put a strain on the budget for small countries like Thailand. In reality, the number of delegates posted has never reached the limit of twelve representatives as set out in the beginning. In terms of the increase in official training investment, the government has sent representatives and experts to actively participate in most negotiations, since on-the-job training is deemed valuable and more practical in developing expertise. In addition, Thailand lobbied to get a place in the WTO trade policy training scheme by using its own funds to book two seats for Thai trade negotiators to be trained at the WTO every year.

Role of Businesses

Prior to and during the Uruguay Round, Thailand's trade policies and negotiating strategies had traditionally been associated with rather weak input from political parties, business or other societal groups. However, this was set to change after the

end of the Uruguay Round because the increasingly intrusive and far-reaching nature of economic rules at the WTO meant that the adoption of particular rules and the outcome of negotiating concessions would have had direct distributional impacts on local business and interest groups. Besides, the increasing complexity of the negotiated agenda and a wide range of issues covered by the negotiations made it extremely difficult for negotiators and trade experts to calculate costs and benefits for each strategic action and strategy. Notwithstanding the acceptance of the impossibility of having a complete set of information, trade negotiators felt the urge to gather as much information regarding an agreement as possible. Learning from past flaws, for instance in the Thai negotiating positions relating to frozen fresh chickens and frozen fresh prawns, Thai negotiators needed extra accurate information from directly involved businesses and industries in order to negotiate competently and achieve greater outcomes. Hence, the government, especially the Ministry of Commerce, has willingly expanded consultative forums with civil society and business groups to create closer links, as well as attempting to increase the frequency of its consultations with different stakeholders including academics, NGOs, and business groups.

During the Uruguay Round negotiations, the role of business in helping to form the positions in negotiations was rather modest³⁴¹ The interconnectedness of international political economy was not felt by many local businesses until the implementation period. Nonetheless, since the end of the Uruguay Round, Thai domestic political structure and society has witnessed an adjustment to the limited

³⁴¹ Interview, Dr. Preeyanuch Malakul Na Ayudhaya, Bangkok, September, 2005.

influence of business and interest groups over economic policy in general and trade policy in particular.

It was only after the Uruguay Round was concluded that domestic businesses started to show interest. Domestic discontent with WTO rules and obligations fuelled business group mobilisation and the involvement of businesses and interest groups in the process of trade negotiations. Many sector-specific industry organisations have begun to improve their relative awareness of Thailand's negotiating positions in the WTO. Top organisations such as the Board of Trade of Thailand, The Federation of Thai Industries, and The Thai Bankers Association have sought to ensure greater input by forming the WTO Joint Committee to monitor processes in WTO negotiations and to communicate positioning and the interests of the domestic businesses to trade negotiators. Evidently, the influence of businesses in Thai trade policy making and trade negotiating positions has progressively reflected domestic voices.

Importance of coalition-building and the proliferation of Preferential Trade Agreements (PTAs)

Towards the end of the Uruguay Round, small developing countries realised the high and unavoidable cost of non-participation. Due to their experiences, they began to involve themselves fully and actively in the hope that increased participation would bring about greater influence and gains. However, it may inevitably bring about greater vulnerability if the country at stake does not participate with sufficient resources and skills. Thus, small developing countries joined coalitions and like-

minded groups, platforms for resources and information sharing. Thailand chose to focus more on the ASEAN because it had had a long experience of diplomacy with the other ASEAN members. Since then, the development of Thai negotiating strategy has started to see the incentive to form a rather discriminatory regionally-focused group as another viable and feasible bargaining strategy on the global stage. Arguably, this development of a trend of regionalism has predominantly and paradoxically arisen from the development of the GATT/WTO context itself.³⁴²

As an original member of the Association of South-east Asian Nations (ASEAN), Thailand played an important role in the creation of the ASEAN Free Trade Area (AFTA), which was launched in 1993. Thailand has remained committed to the economic integration and effective implementation of AFTA. Nevertheless, it realised that, as long as individual markets of ASEAN remain segmented and protected by various kinds of trade barriers, the region as a whole will eventually lose its competitiveness and attractiveness to foreign direct investment, given the current development of regional trading blocs around the globe. With this concern, Thailand began to direct the attention to bilateral FTAs.

This was brought about by Singapore, who, disappointed with the slow pace of the AFTA, started to focus on bilateral FTAs. Consequently, Thailand also shifted its attention to bilateral FTAs. Bilateral FTAs and regional FTAs are seen as belonging to the same set of bargaining strategies at the multilateral trade negotiating forum. So far, Thailand has concluded two FTAs (with Australia and New Zealand) and is

³⁴² Mansfield, Edward D., and Reinhardt, Eric, 'Multilateral Determinants of Regionalism: The Effects of GATT/WTO on the Formation of Preferential Trading Arrangements' in *International Organisation*, 57, Fall 2003.

negotiating with Japan, the US, Bahrain, India and Peru. Thailand also has an agreement with China that provides for an “early harvest” liberalisation package covering certain fruits and vegetables. Other regional FTAs are part of Thailand’s strategy to become an investment hub in Asia. Thailand is pursuing other regional FTAs (apart from AFTA) through ASEAN, by joining forces with other members in the group in the negotiations of ASEAN-China, ASEAN-Japan, and ASEAN-India FTAs. It is also currently negotiating FTAs with these respective countries (China, Japan, and India) on a bilateral basis. The government claims that the regional and bilateral FTAs are not replicating, but rather complementing each other. One with a slower negotiating pace will be invigorated by the other with a faster pace. Also, conducting FTA negotiations on a parallel track provides Thailand with room to manoeuvre in order to shift resources and attention to whichever moves faster. Thai negotiators also stress that it is necessary for Thailand to ensure that she diversifies her alliances and trade relationships with both developed and developing countries. By committing to both bilateral/regional FTAs, Thailand will gain more alliances on multilateral levels of trade negotiations.

The government strategy in choosing negotiating partners can be seen in three prongs.³⁴³ The first group of countries consists of “traditional” markets for Thailand such as the US and Japan because Thailand’s exports to these markets are rather well established. Thailand’s primary objective in negotiating with these countries is to retain the present level of market access and expand access for new products. The second group of negotiating partners is the “potential” markets. These are countries that have huge a population, but a relatively low level of trade with Thailand.

³⁴³ Talerngsri, Pawin and Vongkhorporn, Pimchanok, ‘Trade policy in Thailand: pursuing a dual track approach’ in *ASEAN Economic Bulletin*, April, 2005, p. 8.

Generally speaking, China and India are in this group. The government aims for these markets are to enhance Thai exports aggressively and establish closer trade and investment relations – at the national-level, as well as region-specific. Finally, the last group of partners are those termed “gateway” countries. They are small but can provide access for Thai products into their region. Bahrain and Peru are considered to belong within this group.³⁴⁴ It is clear that the highest priorities for Thailand in FTA agreements are greater market access on goods, particularly agricultural produce, textiles and clothing, automobiles and electrical parts. Greater access for natural person service suppliers (mode 4) in some services such as restaurants and health-related facilities is also of key interest. However, there are also weaknesses in pursuing FTAs such as complications of rules of origin, insufficient resources, and constraints on implementation.

Last but not least, the other aspect that has been changed in the formulation process of trade negotiating strategies in Thailand is the clearer direction of Thai economic policies. Among top Thai negotiators, it is generally believed that, in trade negotiations at a multilateral forum like the WTO, players that have more bargaining power receive substantial attention and notice from other players when they present proposals or deliver speeches, as well as being able to rightfully counteract or offset any proposals from other parties in given negotiations.³⁴⁵ Accordingly, increases in economic might and market power are not the only ways to gain more bargaining power at the multilateral forum, although this may not apply to bilateral-level talks. With this in mind, Thai negotiators strive to be an active leader of ASEAN. They

³⁴⁴ *Ibid.*, p. 7.

³⁴⁵ Interviews, Sirinart Jaiman, Kirkkrai Jeerapat, and Chutima Bunyapaphasara, Department of Trade Negotiations, Bangkok, August 2005.

believe that by doing so, Thailand will receive additional attention and awareness from other players because it would speak on behalf of all the ASEAN members. In turn, this would strategically render other parties able to also recognise Thailand as one of the active and significant players in the WTO. It is hence believed that the bargaining power of Thailand in the WTO would rise accordingly.

What has not changed?

Given the general changes in attitudes towards the multilateral negotiating process and increase in training investment for officials and trade negotiators since the end of the Uruguay Round, not much has significantly changed structurally in the reform of trade policy and bargaining strategy. One problem that remains a constant difficulty for Thailand is the lack of human resources and personnel.

As discussed in the preceding section, Thailand has increased the number of trade negotiators at the WTO from three to twelve in number. Hence, it is believed by many people that Thailand's participatory capacity would increase accordingly.

Unfortunately, despite the big increase in representatives in Geneva, this is not always the case. Although the enlargement of trade officials does facilitate attendance at negotiations on a day-to-day basis, the increasing number of negotiators does not automatically translate to greater influence or automatically add further bargaining weight for Thailand.

Lack of a domestic formal-training-structure for negotiators

Notwithstanding the increase in official training investment in the WTO, the lack of formal training still remains unchanged and the only approach to trade negotiator training is learning-by-doing, rather than a fundamental programme especially designed to increase negotiating and language skills. The current Director-General disappointingly admitted that at present there is no formal negotiating training.

Instead, negotiators only receive on-the-job training.³⁴⁶ Fundamentally, on-the-job training is considered more valuable in developing practical expertise. It is debateable whether this trial-and-error practice will achieve more gain than loss for a small country like Thailand.

Problem of language skills and a lack of skilled resources

The disadvantages for Thai negotiators are the problems of language skills and a lack of profound knowledge in international trade law and the international political economy. Besides a lack of trade negotiators, Thailand is still deficient in think tank and international economic legal experts concerning issues and agendas negotiated at the WTO. Essentially, what is being negotiated at the WTO is the international economic law for conducting economic activities, caused by globalisation and Thailand's objective is to see the rule of law strengthened to prevent bullying from bigger trading players. Yet, the country, paradoxically and seriously, lacks legal experts in international economic law. Undergraduate-level legal curriculums and courses in most educational organisations and universities in Thailand are relatively outdated and are not fully au fait with the globalisation process. Law courses related

³⁴⁶ Interview, Sirinart Jaiman, August 2005.

to international economic law and GATT/WTO rules are only offered at post-graduate level and are only taught in a small number of leading universities.³⁴⁷

Even though there has been some increase in training investment for trade negotiators, Thailand's human resource management has not enlarged the incentives and opportunity in human resource investment for officials to stay working for state organisations. In spite of the heavy workload and duties, trade negotiators and relevant officials feel they receive a low salary and this generally causes skilled negotiators and legal officials to leave the workforce for private organisations, which offer better returns for their skills. Plus, the lower level of returns and benefits induces officials to become incompetent and inept.

However, akin to the problem raised above, during the interview with the Director-General of the Department of Trade Negotiation, one official who was newly appointed to a post at the WTO joined the interview in order to be briefed regarding the negotiation process at the WTO. Rather obviously, he had not been familiarised with the negotiation process at the WTO, and sadly, the only training he would receive before being posted to the Permanent Mission at the WTO was in fact the interview itself.

Passive role and limited inputs from domestic constituencies

Negotiation alternatives for any country are directly related to the particular alignment of domestic actors and their interests. In summary, domestic alignments help to

³⁴⁷ Interview, Pimpacha Piyakesin, December 2006.

specify the zone of agreement in multilateral trade negotiations, which is dependent on the intersection of win-sets of the negotiating countries. Theoretically, the importance of the two levels of international relations, international and domestic, is now increasingly recognised. The above section shows that these propositions may apply to the Thai case as well, since there has been some growing acknowledgement of the significance of the GATT/WTO negotiations from civil societies and business interest groups. It is thought that now they are included, domestic constituencies can build credibility for developing Thailand's proposals, while also serving to limit or expand the alternatives a negotiator might accept.

However, the reality looks somewhat doubtful. Thailand's foreign and economic policy has long been associated, and still continues to be associated, with rather weak input from political parties, business or other societal groups, although there has been some parliamentary oversight. Despite more engagement of domestic constituencies, the domestic business inputs remain rather passive and are limited to only certain sectors and major businesses. When compared to the civil society and domestic business networks that operate in the formation of trade policy in developed countries, Thailand's domestic trade policy networks remain, at best, in a state of development. As noted earlier, consultations with civil societies have purposely increased to inform national interests and the choice of bargaining strategy and policy; they are criticised by NGOs because consultations are still being principally directed by the Ministry of Commerce in general and the Department of Trade Negotiation in particular, and are not as frequent as they should be. Where interest groups have mobilised, there is little evidence that this has significantly shifted government policy and negotiating strategy. In the case of NGOs, the picture is even gloomier. Few are able to engage

proactively and constructively in debates relating directly to the technical issues covered by WTO negotiations. From the point of view of trade negotiators, accompanying a deep-rooted ideological suspicion of liberalisation is a serious lack of awareness of WTO issues. NGOs' lack of understanding of the WTO has played more of a hampering role rather than a supporting one. In the absence of sufficient information about the benefits of liberalisation, most constituencies find it safest to say no to everything in the WTO.

Although this thesis acknowledges that significant changes have been occurring in terms of the impact of domestic factors, in general it is argued that such factors are less important than the domestically-driven literature on negotiation analysis would suggest. In addition, the state has effectively remained the main force in the formulation and conduct of trade policy and negotiating strategy. Evidently, the politics of the double-level game are not as salient as many negotiation analyses assume. This signifies that Thailand's negotiating positions and trade policies may still largely be top-down and that the limited domestic inputs into the making of Thailand's negotiating positions mean that Thai negotiators are arguably able to operate, to a certain extent, with some degree of negotiation autonomy.

Apart from what has been mentioned above, another problem hindering the improvement of negotiating strategies, which still persists is the serious insufficiency of solidarity of policy and structure, as well as technocrats.

As noted in the previous section, despite there being a number of FTA initiatives pursued by Thailand both at the bilateral and regional settings, trade negotiators view

such engagements as not having come at the expense of the commitment to the multilateral trade negotiations. Rather, the Thai government considers that multilateral, regional and bilateral trade liberalisation frameworks are complementary and mutually reinforcing. On the one hand, the multilateral trade agreement has offered Thailand potential real gains in the areas of agricultural reform, as well as established and improved trade disciplines. On the other hand, the bilateral/regional trade agreements have been strategically employed as the fast lane toward deeper and wider market access on goods and services. Although FTAs are heralded to be a strategic move to increase bargaining power in trade negotiations for Thailand at a multilateral level, they still appear to simply be a response to a strategic bargaining option from developed countries just like bilateral carrots and sticks in the previous Uruguay Round negotiations from the outsider perspective. Protectionism prevails and disguised trade distortion takes another advanced form and trend. Hence, Thai trade negotiators have stressed the intrinsic rationality of economic liberalisation and both bilateral and regional FTAs. Unlike in the past, when a deep-rooted ideological suspicion of liberalisation and globalisation was present, most trade negotiators now embrace FTAs without question. Arguably, FTAs represent more of the apparent homogenisation and progressively greater conformity of negotiators' ideological beliefs with liberal norms than simply reflecting the choice of an effective bargaining tool, suggesting the superiority of the idea of market liberalism.

Conclusion

At present, Thailand looks forward to a successful conclusion of the Doha Development Agenda (DDA) in the current engagement in trade negotiations. Thailand recognises the potential gains of the DDA in the areas of agriculture reform,

improved market access for goods and services, and clarification and improvement of trade disciplines, including development considerations. On NAMA (non agriculture market access) negotiations, Thailand supports a simple but ambitious tariff cutting formula reducing/eliminating tariffs. It includes the elimination of tariff peaks, high tariffs, tariff escalation, and non-tariff barriers imposed by both developed and developing countries. The country does not oppose the sectoral initiatives as a supplementary venue for tariff elimination/harmonisation, provided that the special needs and concerns of developing countries are adequately addressed. The interests of Thailand regarding service negotiations lie in Mode 4 (movement of natural persons) in restaurant service. The negotiators also place greater emphasis on the negotiations on rule making elements. Moreover, Thailand welcomes the decision of WTO members to launch negotiations on trade facilitation. As one of the APEC members, Thailand has already undertaken various activities related to trade facilitation, namely movement of goods, standards, mobility of business people, and e-commerce. Other main areas of interest to Thailand include developing-country concerns over TRIPS and public health and extension of geographical indications beyond wines and spirits. Regarding environmental concerns in relation to trade, Thailand would not accept any proposal to weaken WTO rules using environmental protection as a pretext to create trade barriers, or the adoption of a non-science-based precautionary principle that goes beyond the scope of existing WTO provisions.³⁴⁸

With regard to agricultural negotiations, Thailand aims to achieve substantial and meaningful agricultural reform in the three pillars, namely market access, export competition, and domestic support. Currently, the country is an active member of The

³⁴⁸ Talerngsri, Pawin and Vongkhorporn, Pimchanok, 'Trade policy in Thailand: pursuing a dual track approach' in *ASEAN Economic Bulletin*, April, 2005, p. 7.

Cairns and G20, which call for deep tariff cuts combined with quota expansions by developed countries, elimination of export subsidies, and a substantial reduction in domestic support. Thailand supports the view that agricultural products that are to be treated as special should be limited in number and truly reflect the rural concerns for food security, rural development, and the livelihoods of poor farmers. Evidently, what remains the same since the Uruguay Round is the belief of many Thai negotiators that coalition-building remains the most viable bargaining tool for Thailand in multilateral trade negotiating fora, and likewise presumably for other developing countries. This is true, since efforts and resources are still being invested into bargaining coalitions at the WTO.

Implications for other developing countries

As already noted earlier, throughout most of the first four decades of GATT's existence, developing countries remained bystanders in successive rounds of trade negotiations, they also insisted on "special and differential treatment". To the extent that they participated in negotiations at all, they often sought to increase the scope of preferences rather than reciprocity.³⁴⁹ Developing countries, therefore, had very little role in forming the main agreements of Tokyo Round. However, this view changed in the 1980s when recognition of developing countries heightened the fact that the import-substitution development strategies had failed. Hence attitudes toward the GATT then changed.

³⁴⁹ Krueger, Anne O., *Trade Policies and Developing Nations*. Washington, D.C.: Brookings Institution, 1995, p. 48.

Furthermore, developing countries saw that merely insisting on special and differential treatment was not effective because they had to rely solely on concessions which were arbitrarily made by industrialised countries and over which they had too little influence. Moreover, powerful trading countries more often than not resorted to bilateral agreements to decide which small exporting countries would receive the preferential treatment. Through negotiating bilaterally, smaller exporting countries would be in a rather disadvantaged position compared to their large trading counterparts. In the Tokyo Round, the only bargaining power that developing countries could enjoy was not to sign the Tokyo accords. Nevertheless, many small exporting countries, including Thailand, started to believe that they should use the GATT rules to protect themselves from industrialised countries seeking to coerce them. For example, the US 301 or even the GSP had become a double-edged sword since large importing countries would grant GSP only on conditions that small exporting developing countries liberalise their service sector and adopt intellectual property protection. Since GSP was very important to exports for these exporting countries, as well as Thailand, the US cut of GSP was a threat that they could not afford to ignore.³⁵⁰

Meanwhile, the success of the Asian Newly Industrialising Countries (NICs) and the rapid entry of exports from other developing countries had increased the share of developing countries in trade, especially in manufacturing. Growth had increased significantly to a level that could no longer be ignored by developed countries. Thus, trade representatives from developed countries were concerned and anxious to bring

³⁵⁰ พีเตอร์ ไมตรี อึ้งภากรณ์, แกตต์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจขึ้นของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539. หน้า 24. [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 24.]

the developing countries into the Uruguay Round negotiations, as well as to find the means to bring developing countries more fully under the GATT disciplines.

Moreover, some policymakers in developing countries, after having liberalised their internal trade regimes, simultaneously recognised the importance of participating fully in the Uruguay Round. For the first time, the developing countries sought to influence the outcome, rather than awaiting reciprocal tariff reductions among developed countries and then free-riding on those reductions.³⁵¹

It can be concluded that this change might have resulted from the harsh lesson developing countries had learnt from the Tokyo Round. There are criticisms that developing countries did not get the chance to participate effectively in the Tokyo Round negotiations. According to Winham, the Tokyo Round accords were reached because the negotiations were pyramidal in character, despite coverage being quite sophisticated and far-reaching. In the Round, the preponderant trade positions of the European Community and the United States gave both parties vast influence over most agreements at the negotiations. This influence led to a pyramidal style of multilateral negotiation, where issues would first be negotiated bilaterally between the larger powers and then later become multi-lateralised by slowly bringing other ‘middle powers’ and developing countries into the agreement as the negotiations went on.³⁵² This set the trend for the later so-called ‘Green Room’ process. Undoubtedly, this left developing countries with many disappointments; therefore, only a small number of developing countries signed the Tokyo Round accords.

³⁵¹ Krueger, Anne O., *Trade Policies and Developing Nations*. Washington, D.C.: Brookings Institution, 1995, p. 49.

³⁵² Winham, Gilbert R., ‘The Uruguay Round and the World Economy’, in Richard Stubbs, Geoffrey R.D. Underhill, eds., *Political Economy and the Changing Global Order*. 2nd ed. Oxford: Oxford University Press, 2000, p. 371.

Aiming to be rules-setters than rules-takers, developing countries thus made a great deal of effort to participate fully in bargaining and negotiations in the Uruguay Round from the start. Since the most important goal of the developing countries was an increased access to industrialised country markets, developing countries tended to focus their efforts in the negotiations on issues such as enforcing the standstill and rollback of protectionist measures agreed to at the beginning of the trade Round.³⁵³

Other issues such as bringing agriculture and textiles under GATT discipline, strengthening safeguards and discipline over “grey-area” measures, eliminating non-tariff barriers to trade, tightening GATT rules (e.g. antidumping code) to limit the ability of developed countries to invoke their trade laws against alleged offending nations, and reform of the dispute settlement mechanism and other GATT procedures in order to improve surveillance and enforcement were among the top priorities. The developing countries continued to insist on special treatment in recognition of their development needs, although a number of them indicated a willingness to be flexible on the precise form of such special treatment. Hence, during the preparatory phase, developing countries were divided into two groups. The first group, led by India and Brazil, was against cooperation with the industrialised countries in initiating the new Round of talks. However, Thailand, as part of ASEAN, and some Latin American countries saw that it would benefit them most if they could at least manoeuvre the drafting of the new rules in some way.³⁵⁴ Their greatest fears were the two giants colluding and coming up with an agreement at the expense of the interests of

³⁵³ Spero, Joan E. and Hart, Jeffrey A., *The Politics of International Economics Relations*. 6ed. Belmont: Thomson/Wadsworth, 2003, p. 253.

³⁵⁴ Interview, Former Deputy Director General of Department of Trade Negotiation, Chutima Bunyapaphasara, August 2005.

developing countries. As a consequence, Thailand, along with the countries mentioned, joined the preparatory committee from the pre-negotiation phase. Later, the hard line positions of Brazil and India were softened. Unlike the Tokyo Round, it is interesting to note that all 105 contracting parties participated in the negotiations and all of them signed the Final Act in Marrakesh.

Indeed, the developing countries have learnt from hard experience that their fears of such collusion of the big giants (EU-US) have continued to be highly likely. The Agreement on Agriculture in the Uruguay Round was ultimately a product of the so-called Blair House Accord, a bilateral deal between the EU and the US which has had a marginalising effect on most developing countries.

Over a decade after the creation of the WTO, a newer context for trade negotiation, developing countries have sought change by actively playing the game of trade politics rather than walking away from it.³⁵⁵ The experiences of the previous Rounds of trade talks have taught developing countries some important lessons about the costs of non-participation, and also the adequacies as well as inadequacies of some of their negotiation strategies. The developing countries concluded that the traditional strategies of import substitution and North-South confrontation had yielded few concrete benefits; hence, they have pursued more pragmatic policies and sought greater engagement in international trade. The strategy of pragmatic engagement led to important achievements for developing countries in the Uruguay Round. Ninety-one developing countries participated in the negotiations, far more than in any

³⁵⁵ Narlikar, Amrita, and Hurrell, Andrew, 'A New Politics of Confrontation?: Developing Countries at Cancun and Beyond'. Conference paper, European Research Institute, University of Birmingham, November 2005, p. 15.

previous rounds, and their participation was more active and wide-ranging than ever before.³⁵⁶ As a result, developing countries made important progress towards their goal of market access. For example, the Uruguay Round agreement provided for elimination over a ten-year period of quotas on textiles negotiated under the MFA, thus ending over thirty years of managed trade in textiles. Developing countries also benefited from the development of new trading rules and the elimination of VERs and import surveillance measures through the safeguard codes was a significant achievement as well.

International forums such as UNCTAD, which had traditionally been preferred by developing countries, became increasingly irrelevant as a focus point for bargaining with the north, and developing countries shifted their attention to the new World Trade Organisation. Previous non-members of the GATT, including China, also joined negotiations for membership of the WTO. As a result of their achievements in the Uruguay Round, developing countries have since had a greater stake in the successful implementation of obligations from the round. Particularly, developing countries have been expected to be strong advocates of the use of the WTO's new rules and dispute settlement mechanisms as tools to defend themselves against protectionism from developed countries.³⁵⁷ Table 8.1 below shows the increasing use of the dispute settlement mechanism by developing countries in the WTO.

³⁵⁶ Spero, Joan E. and Hart, Jeffrey A., *The Politics of International Economics Relations*. 6ed. Belmont: Thomson/Wadsworth, 2003, p. 254.

³⁵⁷ *Ibid.*, p. 255.

Disputes by members

	as complainant	as respondent
OECD	As complainants – 267 cases	As respondents – 255 cases
BRICS	As complainants – 59 cases	As respondents – 55 cases
Developing Countries	As complainants – 88 cases	As respondents – 73 cases

Table8. 1: Disputes by member.*Source: the WTO*

Trade negotiators from developing countries have gradually become more experienced with the institutional standards of WTO diplomacy through repeated interaction. The repeated interaction in the GATT/WTO has assisted developing countries to adapt accordingly in Geneva, as well as at the domestic level.

Furthermore, an example of a change in the workings of the WTO as a result of developing country pressures is the relatively improved openness of Green Room and other small group meetings. At present, small group meetings are usually announced in advance, allowing countries to seek attendance if they wish.³⁵⁸ However, while developing countries made important gains, the larger tasks – gaining greater access to the markets of the developed countries and reforming their own economies to meet the challenge of international markets – are far from completed. Among the causes that developing countries identify for their marginalisation from the Uruguay Round of trade talks, an important one is the weak level of interest that domestic capital and politicians have in international trade policy matters. Stakeholders within the

³⁵⁸ Narlikar, Amrita, and Hurrell, Andrew, 'A New Politics of Confrontation?: Developing Countries at Cancun and Beyond'. Conference paper, European Research Institute, University of Birmingham, November 2005, p.22

countries have also become more aware of the domestic implications of WTO membership. Apparently, governments have opened up some more channels for consultations with certain domestic interest groups. Having learnt from their previous disappointing experiences in negotiating the technicalities of an ever-expanding WTO agenda, developing countries have begun to share and coordinate considerably higher levels of information in Geneva.

As stated, developing countries, including Thailand, have been very active in the WTO to offset the disparity of bargaining power, since they believe that they have a great deal at stake. Especially, the middle-income developing countries and the so-called emerging low-income economies like China and India have been the most active participants in the WTO.³⁵⁹ It seems that China has been punching below its weight, and that Brazil and India have been the key actors. These countries, together with Thailand, have tried to influence the outcome of trade negotiations by using various bargaining strategies. Although it is accepted that it is fairly difficult to ascertain the relative importance of all the factors that affected the outcome from a single case study, it is possible to apply some of the findings from the case of Thailand to other developing countries with a similar context.

Extrapolating from the case of Thailand's participation in the Uruguay Round, the thesis aims to find some answers on negotiating processes and bargaining strategies with regard to developing countries. It is hoped that the finding will bear implications for new entrants into the WTO such as Vietnam. It is clear, from the case of Thailand, that developing countries now have to actively participate in trade negotiations on all

³⁵⁹ Spero, Joan E. and Hart, Jeffrey A., *The Politics of International Economics Relations*. 6ed. Belmont: Thomson/Wadsworth, 2003, p. 252.

levels and in every forum to keep the dialogue open, whether they like it or not. Afraid of losing out on the market to other exporters with similar produce and products, developing countries engage more in both bilateral and regional trade agreements. Nevertheless, coalition-building seems to remain the most effective bargaining strategy for most developing countries. However, it cannot be assumed that other strategies are not used simultaneously. The thesis argues that developing countries have less choice in choosing negotiating strategies and that they are not able to afford to be selective; it is necessary for developing countries to use as many strategies as possible to influence the outcome. Yet, the thesis argues that coalition-building appears to be the most effective and efficient route for them to put greater emphasis on and many trade delegates have formed or joined coalitions and used them as bargaining platforms to defend their common negotiating positions through both direct and indirect coordination. Meanwhile, they also need to use negotiating tactics to be able to influence the agenda-setting process. It is evident that it is not wise for Thailand to focus on mere pure distributive strategies or integrative strategies. It seems wiser and better to use negotiating elements from both ends of bargaining strategies and blend them to a mix. Thailand also used a mixed strategy in the Uruguay Round with more integrative elements. From the case study, it seems that Thailand would have achieved a better outcome if they had employed a mixed-distributive strategy. Apart from employing bargaining strategies, it is equally crucial that developing countries recognise that they need to somehow increase their presence in Geneva, increase coordination between Geneva and their capitals and increase resource and research commitment at the national level to allow more informed participation at the WTO.

Conclusion

Negotiating international trade agreements at the WTO has become a full-time job for most developing countries. Similar to other developing countries, Thailand has become drastically more active in trade negotiations, since the policies and the societies have become more dependent on trade. Also, Thai delegates are now better organised and prepared than in the past. Ultimately, Thailand, together with many other developing countries, would like to weight the agreements yield gains in their favour and to avoid the burdens of trade which would cause most impact on their local communities.

In this chapter, by extrapolating from the Thai case, the thesis shows that developing countries cannot rely only on the strategy of coalition-building to gain; it is simply not adequate. Equally, bilateral and regional-based coalitions are strategically important; it is crucial for a small country like Thailand to use every available forum to keep the dialogue open. At least, a small country like Thailand cannot afford to lose out on any of the forums available. However, at the same time the thesis argues that the most productive negotiating strategy, in terms of influence on outcomes, is likely to be coalition-building.

It is again important to note that negotiators' beliefs do contribute to strategy choice and the choice of alternative forums. Triumphant the idea of market liberalism and the inclination of developing countries to participate more actively in the WTO may simply indicate the changing role of dominant ideas. Liberal ideas seem to take up an intrinsic superiority in the trade policy process more and more in developing

countries. From past experience, Thailand, as well as other developing countries, has learnt that in order for proposals to receive sufficient notice and consideration, they have to be rhetorically enmeshed with free trade. Although developing countries appear to direct this progressive freely-chosen convergence of trade policy and negotiating strategy to market liberalism themselves, the changing role of developing countries seems to reinforce the functions of both the material and the ideological power of the industrialised states and the private economic interests that drive their policies, as well as such global institutions as the WTO, which serve their interests.

However, the picture is not that gloomy. The fact that there are rules can at least guarantee that small countries like Thailand will not be arbitrarily bullied by powerful countries. Although this research falls into the problem solving category, the underlying hypothesis is that there are ways for developing countries to change the negotiation structure in the GATT and the subsequent WTO. Although the impetus of the thesis is to see a change to the unequal nature of trade negotiations, it accepts that at present this is the structure in which Thailand as a unit has to work. Although it cannot be changed in the short term, belief that an agent can influence the change to the structure leads to a belief that, by using bargaining strategies like agenda-setting and coalitions, small trading countries can change the power structures in the institutional structure of the WTO, as evident in Cancun from the work of G20.

Chapter 9:

Conclusion

The Argument

The central research question of the thesis concerned bargaining and negotiating strategy as well as negotiating process at the GATT and the WTO in relation to developing countries.

To a large extent, the voice that developing countries were able to exercise in the Uruguay Round was unprecedented. Increasingly, developing countries have exerted more and more attempts to influence the direction of trade talks in the WTO as shown by the past Ministerial Conferences of the Doha Developmental Round.

Based on the findings of the case of Thailand's participation at the Uruguay Round negotiations, the negotiating strategies used, and the evolution of its participation and trade strategy, the thesis has examined various courses of negotiating strategy Thailand used during the course of the Uruguay Round negotiations. Although it is important not to fall into the trap of thinking that the Thai case can necessarily represent the developing world more generally, the case of Thailand's participation is still worth probing, since it can at least produce some insight into the politics of international trade of one of the developing countries in the specific institution of the GATT/WTO.

As previously mentioned, case-study methods have long been stereotyped as a weak sibling of social science research methods. Nevertheless, the single case-study method is one of several ways of performing social research and is actually a research design that contributes uniquely to the body of knowledge.³⁶⁰

All in all, considering the close relationship that the empirical analysis bears with theory building, the research method should be guided by the research question of the enquiry. Given the nature of the enquiry and the argument of the thesis, the country of Thailand was selected to be an illustrative case that the most effective bargaining tactic in trade negotiations for developing countries would be a mixed-strategy at all levels, international, regional, or domestic. It is used to show that the analytical frameworks on bargaining strategy provided by Odell, Singh, and Narlikar are useful in capturing the developing countries' experiences at the WTO.

Through the empirical case study of Thailand's participation in the Uruguay Round negotiations in general and in agriculture negotiations in particular, the thesis has shown that Thailand, along with other developing countries with the same level of economic development and a similar level of experience in multilateral trade negotiations, has not been able to rely on merely one negotiating strategy in order to attain the sought after outcomes. It has had to strategically rely on all types of strategies: coalition with other developing and/or developed countries, engagement in bilateral and regional forums, or even the empowerment of national economic negotiators both at home and in Geneva. The thesis then also argues that bargaining strategies have to be exercised in all channels. To further systemise, bargaining

³⁶⁰ Yin, Robert K., *Case Study Research: Design and Methods*, 2nd, Applied Social Research Methods Series, Volume 5. London: SAGE Publications, 1994, pp. 1 - 15.

strategies could possibly be grouped into three levels: (1) international, where coalition building and mixed strategy of distributive and integrative tactics can be utilised; (2) regional, where regional agreements/regional-based coalitions can be utilised as a springboard for bargaining; and (3) domestic, where the role of individual officials and ministers can feed into the effectiveness of the bargaining strategies being conducted. In addition, the thesis argues that the limited bargaining power of developing countries in international trade talks makes coalition-building an especially crucial and most appealing tool for their effective diplomacy. In effect, coalition-building has remained the most effective and viable bargaining strategy in trade negotiations for Thailand, and presumably for many other developing countries, especially in the agenda-setting process.

Relatively small countries like Thailand, constrained by the power structure of the global political economy, did not enjoy much bargaining power. Additionally, bargaining strategies were limited and restrained. Thailand - like most developing countries - went into the Uruguay Round with certain objectives to be fulfilled. With a small share of the global market economy, it was difficult for Thai negotiators, along with other developing countries' delegates, to influence the outcome of the negotiations without resorting to ways to enhance their bargaining power.

Chapter 4-5 discussed the limited range of bargaining strategies Thailand could employ and the actions Thai negotiators adopted to increase the bargaining leverage for Thailand. Chapter 7 discussed Thailand's achievement from the Uruguay Round negotiations.

According to Mr. Kirkkrai Jeerapat, from the past experience of trade officials with the MFA, the US301, and the cigarette cases, the top priority was, to achieve a strengthened system of trade rules, although Thailand was seen to be very active in agriculture negotiations.³⁶¹ In the mind of Thai trade negotiators, the creation of common rules is the key mechanism by which the multilateral system of trade rules reduces the importance of market power. Thailand wanted rules of trade law and dispute settlement mechanisms to be strengthened in order to help small countries with less market power cope with pressure from unilateral threats from the trade superpowers.

Although Thailand had a supporting role in the Cairns Group in the liberalisation of agricultural trade, it can be said that not all internal bureaucrats fully support the notion. Even though Thailand supports agricultural liberalisation, domestic politics still tend to give rise to agricultural protection. In some cases, politicians propose that Thailand raises export subsidies for some agricultural products, for example rice, and price insurance for agricultural products, which goes against the Uruguay Round agreements. Obviously, the objectives of Thailand in Agriculture negotiations are to prevent the US from implementing export subsidies for rice which have a tremendous effect on the world price of rice, as well as to pry open the close knit Japanese and South Korean markets for Thai rice exports. It, thus, can be roughly concluded that Thailand wishes the world agricultural market to be a free market, under unambiguous trade rules.

³⁶¹ The interview, Mr. Kirkkrai Jeerapat, currently the Minister of the Ministry of Commerce. He was the former Ambassador, Permanent Representative to the Permanent Mission of Thailand to the World Trade Organisation. September 2005.

It was a common belief among Thai negotiators that GATT was formed as a result of the objectives of the powerful trading countries. Notwithstanding this fact, Thailand, as one of the smaller emerging powers, tried to overcome that bargaining-power shortcoming by deploying a number of strategies and negotiating tactics. The aims of the strategies in the Uruguay Round were as follows: (1) to increase bargaining power or to make the voice of Thailand louder; (2) to place agriculture onto the table; (3) to achieve a hidden agenda – trade rules being strengthened; and (4) not to be coerced to enter bilateral negotiations to negotiate new issues which were not in the interests of Thailand.

Basically, trade delegates drew upon their sense of the situation to come up with the necessary negotiating strategy. Additionally, Thai delegates believed that Thailand, similar to other less developed countries, was at a disadvantage when negotiating with more powerful counterparts. Hence, to increase its bargaining leverage, Thailand had to join coalitions as well as influence the issues being negotiated through agenda-setting, since experience has shown that countries do not shift positions in big meetings.

Generally, the term agenda-setting, when used in negotiation literature, only indicates the agenda at the beginning of any negotiation – in the diagnostic phase setting stage of negotiations. Contrary to a common misperception, agenda-setting takes place throughout a negotiation and Thailand participated actively in the pre-launch phase of the round in order to keep agriculture on the negotiating table.

Evidently, Thailand was not able to use bilateral negotiations as another way to gain leverage in bargaining power in the GATT. Thailand's terms of trade were highly reliant on exports to industrialised countries' markets, and the US market in particular. This increased Thailand's bilateral vulnerability vis-à-vis major trading partners. Particularly, although Thailand is a major agricultural exporting country, Thailand's exports are highly dependent on the markets of industrialized countries, namely the EU, the US, and Japan. The US was employing a two-track approach as trade strategies. US 301 was used in parallel with GATT negotiations for trade liberalisation in trading partner countries, especially developing countries, while maintaining its own protection at home. Likewise, in the absence of bargaining power, Thailand could not use unilateral measures such as the US 301– disguised trade-distorting measures - like the major trading countries.

Compared with bilateral arm-twisting, a multilateral Round was certainly the preferred option for Thailand, whose economy has been heavily involved in world trade. In the Uruguay Round of multilateral trade negotiations, Thai negotiators aimed to increase their bargaining power, out of frustration, by joining coalitions as a first priority; they felt that they had no other viable option. By joining coalitions, Thailand was able to influence the agenda of the negotiations from the start of the Round through more channels. Thailand was very active in joining all the pre-round negotiations. Coalitions that Thailand joined during the Uruguay Round were the ASEAN, the Café Au Lait, and the Cairns Group. The reason why the Thai negotiators joined the Cairns Group, however, derived from their agricultural focus.

According to Odell, 'strategy' in trade negotiations is 'a set of behaviours or tactics that are observable in principle and associated with a plan to achieve some objective through negotiation.'³⁶² Although Odell's typology of bargaining strategies is an attempt to identify and to make generalisations about negotiation processes and bargaining strategies at the behavioural level, it is useful in the sense that it helps to describe the observed negotiating behaviours. At the multilateral level, it can be assumed that Thailand used a mixed strategy in the GATT during the Uruguay Round negotiations. In the realm of agriculture negotiations, Thai delegates employed more of a distributive strategy by joining coalitions like the Cairns Group. Although Thailand might use integrative strategy within the coalition or the group might use a mixed-distributive strategy, joining coalitions in itself can be classified as a distributive strategy; the strategies are perhaps better viewed in terms of an attempt by Thailand to improve its BATNA. The mixed strategy continues to appear to be the most viable for most developing countries, including Thailand. Moreover, if backed by coalitions, Thailand could use a mixed strategy with more distributive elements.

Previous experience and previous failures from the Uruguay Round negotiations have taught Thai officials how to participate more effectively in multilateral trade negotiations. The negotiating skill and initiative of the Thai delegation has been mostly the product of trial and error within both the Thai bureaucracy institution and the GATT/WTO. The extension of WTO rules and regulations, coupled with Thai trade negotiators' belief that there is no alternative but to participate in WTO, has led Thailand to place greater emphasis on market liberalisation, integration of the Thai economy in world markets, and hence effective participation in trade negotiations.

³⁶² Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p.15.

In the post Uruguay Round era, there has been a development in economic policy and a change in attitude towards trade negotiations in Thailand. Domestic discontent with the rules of the WTO – the result of the Uruguay Round – has initiated more participation from domestic constituencies. Coupled with the fact that the belief in the importance of GSP to Thai exports has diminished, Thailand has renewed economic strategy, as well as trade strategy, in response to economic globalisation and global competition. Thailand has chosen to engage actively at both bilateral and regional levels, along with the multilateral level.

For Thailand the success of its strategic objectives is contingent upon strengthening the rules-based multilateral trade regime. The country is committed, therefore, to preserving the credibility of the WTO and preventing its fragmentation and it believes that the WTO system provides enhanced certainty and security for market access, while reducing the scope for unilateral trade measures. Furthermore, it has argued that a rules-based global trade order is crucial to guaranteeing that trade dispute resolution is not determined exclusively by economic power manoeuvrings.

Despite the preference for multilateralism, Thailand has gone through phases of investing its diplomatic energies in regional arrangements and has also opened other options for its trade. In effect, as the number of FTAs the country has been exploring can attest, it has not refrained from pursuing bilateral or regional FTAs where it has felt that these would further its broader economic objectives. Unlike the past, Thailand has now been cultivating various bilateral options as part of a strategic approach to the global political economy. Accordingly, Thailand has been willingly engaged in bilateral and regional options since they are seen as an integral part of

policy initiatives in response to globalisation. The Thai case also reinforces the relationship between regionalism and multilateralism. For Thai trade negotiators, a regionalist project such as AFTA is seen as a means of embracing globalisation as a positive force for change. However, from an outsider's point of view, it poses tensions and contradictions between regionalism and multilateralism. Moreover, it also consumes excessive resources from the insufficient bureaucratic capacity of Thailand. On the one hand, the WTO could fulfil the best hopes of its creators, strengthening the global trade system, with countries recommitting themselves to global cooperation. On the other hand, the WTO could prove to be little different from the previous GATT regime; an inability to live up to expectations could weaken its credibility and thus hinder rather than promote the trading system. These are polar positions. Indeed, the reality suggests that the WTO is an improvement on the GATT, but it still falls short of its aspirations.

Moreover, Thailand also aspires to gain international recognition of its status as a significant international player. In the mind of Thai negotiators, this is the other way to gain more bargaining power at the international level, apart from increasing economic might and coalition-building. The head of Thai negotiators emphasises the importance of leadership.³⁶³ While acknowledging and stressing the importance of backing any proposals in the WTO with substantive research and adherence to GATT/WTO ideology and institutions, the dominant strategy was that the Thai negotiators aspire to become a leader of ASEAN, since this would increase the significant role and voice of Thailand in international fora. It is believed that this leadership and the strength of the coalition within the region would at least give

³⁶³ Interview, Chutima Bunyaprapasara, Bangkok, September 2005.

Thailand some confidence with which the country could express demands and bargain with other parties, especially the developed countries. Indeed, developing a more prominent international role and acquiring international recognition of the country's status as an important player in the politics of international trade will give Thailand a louder voice in economic negotiations. Increased bargaining influence is no longer a fruit of the increase in economic or political resources, but of the external legitimacy that the particular country enjoys. The leadership status of Thailand is thus important because it will give rise to additional external legitimacy. This strategy has been quite successful in the sense that, despite the perception of Thai trade negotiators that Thailand still has a relatively small amount of bargaining power and thus does not have many options or alternatives to the agreements in the WTO, Thailand is still viewed and accepted by many outsiders as one of the most influential players in the developing world.

Although Thailand has employed various negotiating strategies and tactics in previous trade talks including bilateral and regional-based agreements, coalition has been deemed its most effective negotiating strategy. Since the WTO is considered to be the best international trade and investment policy in response to globalisation, coalition is by far the most appealing negotiating strategy in international trade negotiations. The strength of coalition behind the proposals will facilitate the agenda-setting process for Thailand, although the strength or the longevity of any coalition depends on how particular coalitions can cope with internal differences and how they can maximise their effectiveness.³⁶⁴

³⁶⁴ For theory of coalition and an in-depth discussion on what type of coalition works best and why, see Amrita Narlikar, *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*. London: Routledge, 2003.

A further motivation behind Thailand's bargaining strategy is national interest. The trade negotiators insist that the motivation behind any choice of negotiating strategy is interest, even the motivation behind any choice of coalition. This is why Thailand chose to join the Cairns Group in the Uruguay Round and the G20+/- in the Doha Round. However, the determinant factors of any negotiating strategy are indeed context, issues, and negotiators' belief in the feasibility of strategy.

In the research, the issue chosen for the study was agriculture, since it has played an important role in the country's economic growth. Also, like most countries, Thailand has given domestic support to agriculture and farm votes have remained significant. Hence, agriculture was among the top priorities of the issues Thailand wished to achieve from the Uruguay Round; and negotiators were keen to use coalitions such as the Cairns Group to increase the bargaining power of Thailand.

Moreover, the world agriculture price and the global political economy also feed in the international context to the agriculture negotiations at the GATT. On agriculture, the top US priority was to regain its market share of world trade in cereals and other agricultural products. The United States entered the negotiations with a firm bargaining position to press for long term agricultural reform and for more liberal agricultural trade policies, since agricultural protectionism had been deep-rooted and farm lobbies had always been the stumbling block to agricultural policy reform, both in the US and other developed countries. While the US entered the negotiations with an interest in liberalising agricultural trade, by the same token, the EC wished to protect its farm support measures. Differing national positions within the EC greatly

complicated the EC standpoint in the Uruguay Round agricultural negotiations. Other developing country exporters of agricultural products had an incentive to see trade barriers lowered.

The ensuing war between the EC and the United States in agricultural trade provided the stimulus which brought many countries together to form a coalition of comparatively efficient agricultural exporting countries. This coalition, aiming to achieve satisfactory outcomes in agriculture negotiations, was called the Cairns Group. By contrast, the policies of Cairns Group countries tended to offer comparatively little support to their agricultures, with an exception of Canada. The Cairns Group was formed out of frustration among comparatively efficient agricultural exporting countries over a series of changes in the conduct of world agricultural trade over which they, as individual countries, could have no influence. The strength of the Cairns Group was sustained during the Round by the continuing trade war between the EC and the United States which has further impaired their terms of trade.³⁶⁵ Moreover, the new importance of developing countries in other aspects of the Round, especially in the negotiations on services trade and on intellectual property rights, also helped the group to sustain their strength and significant role. The Group had been aided by the new importance of developing countries in other aspects of the Round, namely negotiations on services and intellectual property rights. The developing countries in the Cairns Group have been able to make progress in these areas conditional on progress on agriculture. Evidently, the fact that Thailand hosted the 14th official trade meeting in Pattaya in July 1986, in

³⁶⁵ Tyers, Rod, 'The Cairns Group Perspective,' in K. A. Ingersent, A.J. Rayner and R.C Hine, eds., *Agriculture in the Uruguay Round*, Basingstoke: The Macmillan Press Ltd, 1994, p.108.

order to form the Cairns Group, clearly shows Thailand's vigorous effort to influence the outcome by utilising bargaining strategy – coalition - to achieve it.

Along with the international context, Thai trade negotiators were also faced with a domestic context to the negotiation. Generally, the international trade negotiations are depicted as a two-level game, wherein domestic bargaining affects the positions that states adopt internationally. Domestic forces may seek to influence international negotiations for one of two reasons: a concern about foreign policy or private interests. Tariff negotiations and commercial agreements make characteristic battlegrounds for such private interests.³⁶⁶ That said, government officials often feel handicapped in the pursuit of national objectives if domestic interest groups become involved in their negotiations.

As discussed, the fact that agriculture was being domestically politicised and farm votes were still crucial in internal politics contributes to the reason why Thailand's main objective was to see the incorporation of agricultural trade in the Uruguay Round. It is evident, however, that farm voters had little knowledge of the GATT and were mostly motivated by handouts, particularly to their village heads.³⁶⁷ Yet, the fact that farm votes still accounted for more than half of the votes in the country was the reason why Thai politicians used agricultural policy as a means to gain popularity amongst farm voters. Agriculture was also being domestically politicised in Thailand, as in other developed countries.

³⁶⁶ Iklé, Fred Charles, *How Nations Negotiate*. London: Harper & Row Publishers, 1987, p. 131.

³⁶⁷ From interviews with prawn and chicken farmers and Titipol Phakdeewanich, 'The role of farmers groups in Thai politics : a case study of domestic and global pressure on rice, sugarcane, and potato farmers' (PhD dissertation, University of Warwick, 2004).

However, the strategy and positions in the agriculture negotiations, in fact, came from a handful of permanent officers from the Ministry of Commerce. As already mentioned, the strategy choice was seen as a careful calculation of these trade negotiators themselves. The agendas they pursued, as well as the choice of bargaining strategies, directly came from these trade negotiators, since there were little inputs from domestic constituencies. With the lack of understanding of trade negotiations from most domestic constituencies, politicians, policy makers, business interests, and other civil groups, trade negotiators did not face much internal domestic opposition. Hence, they based the choice of negotiating strategy on their reading of the situation and chose what they believed best served the national interest. Moreover, in the Thai case, bureaucratic and institutional links between trade and foreign policy were less direct. Notwithstanding the increased effort to liaise between ministries, institutional links between trade policy, foreign policy, and agricultural policy establishments in Thailand remain significantly weak.

The discussion of the Thai case found that domestic politics played very little part in the Uruguay Round. Although that has changed since the creation of the WTO, domestic politics still continues to play only a supportive role. In the Uruguay Round of agriculture negotiations, domestic businesses consultations rarely existed. The quality of representation of business interests remains largely ineffective. As previously mentioned, the chicken and prawn farmers interviewed stated that they had never heard of the Uruguay Round and the GATT. Although many of them now know what the WTO is all about, they have no involvement in the negotiating strategy formulation process, despite being most affected by trade and the force of economic

globalisation process in the global political economy. This suggests that negotiating positions and trade policies in Thailand are still largely top-down.

Apparently, this seems to confirm that Thai negotiators based their decisions of negotiation tactics on their personal beliefs and judgement on which strategy might best serve the interests of the Thai economy as a whole. Indeed, trade policies and negotiating strategies must have been in line with the framework that had been predetermined by the cabinet. Therefore, the positioning of Thai delegations was the result of the calculation of domestic political pressures by trade negotiators based in Geneva. For instance, the trade negotiators prioritised agriculture because they realised that it was still significant in domestic politics. Thai negotiators put more effort and energy into coalition because they felt it was the most viable option for Thailand.

Furthermore, the increasing homogenisation and policy convergence adopted by Thai policy makers around the norm of economic liberalism reflects the role of ideas in Thailand's policy formation process. Most trade negotiators believe that there are few alternative options to economic globalisation in the contemporary world order. Hence, negotiating mechanisms have been substantially reinforced and renewed in order to be capable of dealing with economic globalisation. For instance, the renewal of trade and investment policy is evidence of the change of attitude towards bilateral options. In the Uruguay Round, bilateral trade negotiations were deemed to be the channel through which the superpowers exercised their power; and Thailand would prefer to engage multilaterally in the GATT. The bilateral option was very much to be avoided, whereas it has now been seen as an opportunity to potentially assert more bargaining

strategy, or at least to maintain the status quo. Apparently, this progressively greater conformity with liberal norms can be seen as the product of both material and ideological power of the industrialised countries, as well as the transnational business interests, reinforced by institutions like the WTO.

Finally, the thesis bases the arguments on the premise that Thai delegates process information and make decisions using bounded rationality. The assumption of rational choice continues to prove fruitful in the sense that trade negotiators are rational, since they aim to achieve objectives as effectively as they can; however, the fact remains that trade officials and policy makers lack complete information and the ability to perform the computations necessary to optimise. Hence, rationally bounded negotiators, in practice, cannot simply assume a single optimal negotiating strategy since they are unable to forecast the future result of each alternative. This is also true in the case of Thai negotiators. Learning from past experiences, trade negotiators have evolved negotiating strategies to keep the dialogue open as much as possible, since they are not able to identify the single optimal strategy.

Thai negotiators have chosen to influence their counterparts' beliefs by framing their proposals in terms of the rules of the WTO and in line with the broad liberal paradigm. Basing the proposals on expanded research, they have chosen to make demands for change within the WTO regime. Apart from the expanded research base and an appeal to a different set of principles that fitted within the normative framework of the WTO, Thai negotiators have also chosen to influence their counterparts' beliefs through the agenda-setting process. Generally, the term agenda-setting, when used in negotiation literature, only indicates the agenda at the beginning

of any negotiation – in the diagnostic phase setting stage. However, the term agenda-setting when used here is ‘a process variable to inclusion or exclusion of issues being negotiated’ which is not restricted only to when a negotiation begins, in keeping with Singh’s definition.³⁶⁸

Nevertheless, it is important to note that maintaining good relationships between Thai trade representatives and representatives from other countries is equally important to effectively influence others’ beliefs. Engaging in bilateral and regional FTAs can also facilitate this process, Thai negotiators believe.

Despite its limitations, drawing upon the case study of Thailand, the thesis argues that there have been changes to the way developing countries conduct the politics of international trade in the WTO. The source of change comes from outside pressures in the international political system and in the global economy, as well as from the changing way in which those pressures are understood within the domestic politics of developing countries. In order to bargain over the rules by which globalisation is managed; developing countries have sought ways to participate meaningfully and to direct the negotiations to improve their status quo. Within the specific institution of the WTO and a specific set of negotiating processes, Thailand, along with most developing countries has made a rational adaptation to the way they negotiate trade rules from their past experience in the earlier rounds of trade talks. The thesis has contended that, in the eyes of Thai negotiators and those from other developing countries, coalition and alliance continue to be the most proficient way for the weak

³⁶⁸ Singh, J.P.P., ‘the evolution of national interests: new issues and North-South negotiations during the Uruguay Round,’ in Odell, John S., *Negotiating Trade: Developing countries in the WTO and NAFTA*. Cambridge: University Press, 2006, p. 46.

in the WTO diplomacy. Finally, the thesis argues that it is evident that Thailand's experience seems to signify that most negotiation process research and theories have underrepresented the experience and needs of developing countries.

The Contribution to the Study of IPE

A contribution of this thesis to IPE has been to throw light on the inadequacies of the conventional accounts of domestic-driven negotiation analysis. In the Thai case, there is a significant domestic side to trade policy. Yet, domestic constituencies have played more of a reinforcing role rather than a proactive one. The finding from the study has some potentially intriguing implications for some theories of International Political Economy that assume the great role of domestic institutional inputs in the formulation process of trade policy. They assume that trade negotiators and officials arrive at the negotiating position after having calculated and balanced inputs from diverse interests within the state. It is believed that negotiation alternatives for any country are direct outcomes of the particular alignment of domestic actors and interests. However, the finding suggests that a very different dynamic is at work in Thailand, and supposedly for many other developing countries as well.³⁶⁹

The thesis has maintained that the driving force in trade policy and negotiating strategy in Thailand still remains in the hands of the state and mainly bureaucratic

³⁶⁹ See Narlikar, for discussion of India and Brazil, in Narlikar, Amrita, and Hurrell, Andrew, 'A New Politics of Confrontation?: Developing Countries at Cancun and Beyond'. Conference paper, European Research Institute, University of Birmingham, November 2005.

officials.³⁷⁰ Given the fact that most negotiation analyses and theories are drawn on cases based in the industrialised countries, these theories have underrepresented the experience and needs of developing countries. Therefore, new development in negotiation analysis is needed that is of relevance to developing countries' experiences, since many developing countries with very different political structures and societies have reacted in very similar ways at the international level. A sole reliance on domestic politics to explain developing countries' negotiating strategy choice is, hence, insufficient. The thesis has challenged domestic-driven literature to explain trade negotiation and the negotiating process to the exclusion of other vital considerations.

Future Research Agenda

A key aim of this thesis has been to sketch a systematic and detailed analysis of the bargaining strategies and negotiating tactics used by the Thai trade negotiators at the agriculture negotiations during the Uruguay Round negotiations. The method of the thesis is to learn more about the multilateral negotiation process through a single case study and attempt to generate a potential generalisation for further investigation in other cases.

Hence, in order to understand the nature of participation of developing countries and their bargaining strategies, both in the Uruguay Round and the present round of trade negotiations, more empirical work on other developing countries' experiences may be

³⁷⁰ For more detailed discussion on bureaucracies in developing countries and Thailand, see, for example, Fred W. Riggs, *Thailand: the Modernization of Bureaucratic Polity*. Honolulu: East-West Center Press, 1966, and Clark D. Neher, ed., *Modern Thai Politics: From Village to Nation*. Cambridge, Massachusetts: Schenkman Publishing Company, 1979.

needed. To see what bargaining strategies work best for developing countries, it is necessary to also look at the different bargaining strategies deployed by developing countries in general. It is also necessary to address the questions: which is the most used bargaining strategy amongst the developing world?; what is the most effective negotiating strategy, in the eyes of trade negotiators from developing countries?; and is coalition the most appealing bargaining tool for other developing countries in trade negotiations, as in the Thai case?.

Clearly, an obvious follow through for future research would be Thailand in the Doha Round. In relation to Thailand in the Doha Round, the bargaining strategies used by Thai negotiators in the Doha Round should be examined to see if the changing institutional context has had any impact on the choice of tactics. The choice of bargaining strategies should also be scrutinised to see if coalition continues to be the most appealing bargaining tool for Thailand. With more experience in trade negotiations, has Thailand achieved in gaining more bargaining power, and how?

Another agenda for future research would be bargaining experiences of new entrants into the WTO such as Vietnam. As similar to Thai case, Vietnam has experienced a locomotive of growth, propelled by international trade. From 1985, Vietnam's exports have increased from \$0.5 billion to \$37.2 billion.³⁷¹ Realising the increasing importance of trade, Vietnam became a full member on 11 January 2007. This reflects that Vietnam regards the WTO as a useful international forum for negotiating their terms of trade. It would be very intriguing to see a choice of bargaining strategies a new entrant like Vietnam employs, as well as it is interesting to see if the driving

³⁷¹ <http://www.vietpartners.com/statistic-imex.htm> - Vietnam Import Export Statistic. Accessed January 2009.

force in trade policy and negotiating strategy in Vietnam remain in the hands of bureaucratic officials as in the case of Thailand. Moreover, it is also interesting to see if domestic theories under-represent the experience and needs of developing countries, as stipulated in this thesis.

Finally, more empirical work is also needed on different domestic constituencies of the domestic political economies of both Thailand and other developing countries to see the varying influence of differing domestic institutional inputs in the formulation process of trade policy. The thesis has made an attempt to tackle this query by addressing the case of prawn and chicken farmers in Thailand. The findings on the prawn and chicken farmers in the study of the Thai case suggests that the driving force in trade policy and negotiating strategy in Thailand has still remained in the hands of the state and mainly bureaucratic officials. Yet, the understanding of the role of domestic institutional inputs in trade policy formulation process remains important and needs further sector-by-sector research. This issue may constitute an agenda for future research to aid the internal factor of developing countries' experiences at international trade negotiations.

Appendix A: List of Interviewees

Group 1: Government Officials

Kirkkrai Jeerapat The Minister, Ministry of Commerce. A former Ambassador, the Permanent Representative of the Permanent Mission of Thailand to the World Trade Organisation.	Bangkok, September 5, 2005.
Chutima Bunyapraphasara Director-General, Department of Trade Negotiations. A former Commercial Advisor, Ministry of Commerce and a former trade negotiator in Geneva during the Uruguay Round.	Bangkok, September 7, 2005.
Sirinart Jaiman Director-General, Office of Multilateral Trade Negotiations, the Department of Trade Negotiations The Ministry of Commerce	Bangkok, September 9, 2005.
Pimchanok Vonkorporn Trade Negotiator, Bureau of Service Investment and Negotiations, The Department of Trade Negotiations, the Ministry of Commerce	Bangkok, September 9, 2005.
Sopida Heymakom Legal Officer, the Information Technology Centre, the Department of Agriculture, The Ministry of Agriculture and Cooperatives.	Bangkok, September 13, 2005.
Pisan Leuthongjak Director of Agricultural Technology and Sustainable Agriculture Policy. The Ministry of Agriculture and Cooperatives A former delegate of the Permanent Mission of Thailand to the World Trade Organisation during the Uruguay Round.	Bangkok, September 15, 2005.
Panisa Suwanmethacharn Legal Officer, The Department of Intellectual Property, the Ministry of Commerce	Bangkok, January 29, 2007.
Pornnika Khunpalin Legal Officer, Treaty Division, Department of Treaties and Legal Affairs, The Ministry of Foreign Affairs	Bangkok, June 9, 2006.
Kanokporn Khunnawatre Legal Officer, Department of South Asia, Middle East, and Africa, The Ministry of Foreign Affairs	Bangkok, January 29, 2007.
Thanit Ngarnsampanrit Trade Representative, the Ministry of Commerce.	Bangkok, September 9, 2005.

Delegate of the Permanent Mission of Thailand to the World Trade Organisation.

***Group 2: Academics, Non Governmental Organisation, and
Private Sector***

Supachai Aungsupakorn
Vice-President, CP Corporations.

Telephone Interview,
January 11, 2007.

Dr. Preeyanuch Malakul Na Ayudhaya
Vice Chairman, Food & Pharmaceuticals Cluster
The Federation of Thai Industries

Telephone Interview,
September 15, 2005.

Prof. Pol. Gen. Dr. Keartipong Meepiarn
Senior Lecturer,
The College of Law and Politics, Mahasarakam University.

Bangkok,
June 12, 2006.

Kwanjai Lekakul
Researcher,
The Thailand Development Research Institute Foundation.

Bangkok,
September 15, 2005.

Pornsri Raorujisawad
Vice-President, CP Corporations.
President, Thai Broiler Processing Exporter Association.

Bangkok,
January 13, 2007.

Pimpacha Piyakesin
Lecturer,
School of Law, Thai Chamber of Commerce University.

Bangkok,
June 9, 2006.

Dr. Patreeya Kitcharoen
Lecturer,
The Faculty of Political Science, Chulalongkorn University.

Bangkok,
June 12, 2006.

Kriengsak Chaivinich
Researcher,
WTO Watch Project

Bangkok,
January 13, 2007.

Krongkwan Traithongyoo
Researcher,
Thailand Research Fund

Bangkok,
January 13, 2007.

Sharin Hansuebsai
Director of the Institute for Trade and Development

Bangkok,
September 5, 2005.

Group 3: Chicken and Prawn Farmers

Sutin Lamangthong
Prawn Farmer

Prajinbury,
June 15, 2006.

Tipvarinthorn Taworlanan
Prawn Farmer

Prajinbury,
June 18, 2006.

Krongpol Prasatsarn,
Prawn Farmer

Prajinbury,
June 18, 2006.

Manatchaya Prasatsarn
Prawn Farmer

Prajinbury,
June 18, 2006.

Pasit Taworlanan
Prawn Farmer

Prajinbury,
June 18, 2006.

Baworn Siriprapreud
Chicken Farmer

Saraburi,
June 25, 2006.

Waraporn Siriprapreud
Chicken Farmer

Saraburi,
June 25, 2006.

BoonChana Siriprapreud
Chicken Farmer

Saraburi,
June 25, 2006.

Sirinan Promduang
Chicken Farmer

Saraburi,
June 15, 2006.

Supakrit Promduang
Chicken Farmer

Saraburi,
June 15, 2006.

Appendix B: Thailand's commitment, a result from the Uruguay Round Agriculture Agreements

Agreement	Details
1. market access	<ul style="list-style-type: none"> • To reduce tariffs for 740 agricultural products (according to HS 6-7) or 997 product lines (according to HS 10) and to bind tariffs for 717 products, no custom duties for 14 product lines (HS 6-7) • Market access through tariffication methods for 23 product lines* • Identify Special Safeguard (SSG) for 111 agricultural products
2. Domestic support	<ul style="list-style-type: none"> • Domestic support in the base year was 22,126 million Baht** • Domestic support for the year 1995 – 2004 as following: 1995 – 21,816 million Baht 1996 – 21,506 million Baht 1997 – 21,197 million Baht 1998 – 20,887 million Baht 1999 – 20,577 million Baht 2000 – 20,268 million Baht 2001 – 19,958 million Baht 2002 – 19,648 million Baht 2003 – 19,338 million Baht 2004 – 19,028 million Baht
3. Export Subsidy	<ul style="list-style-type: none"> • Thailand did not notify of any export subsidy for agricultural products. Therefore, Thailand has no commitment to bind export subsidy. However, Thailand is no longer able to use any export subsidy policy.

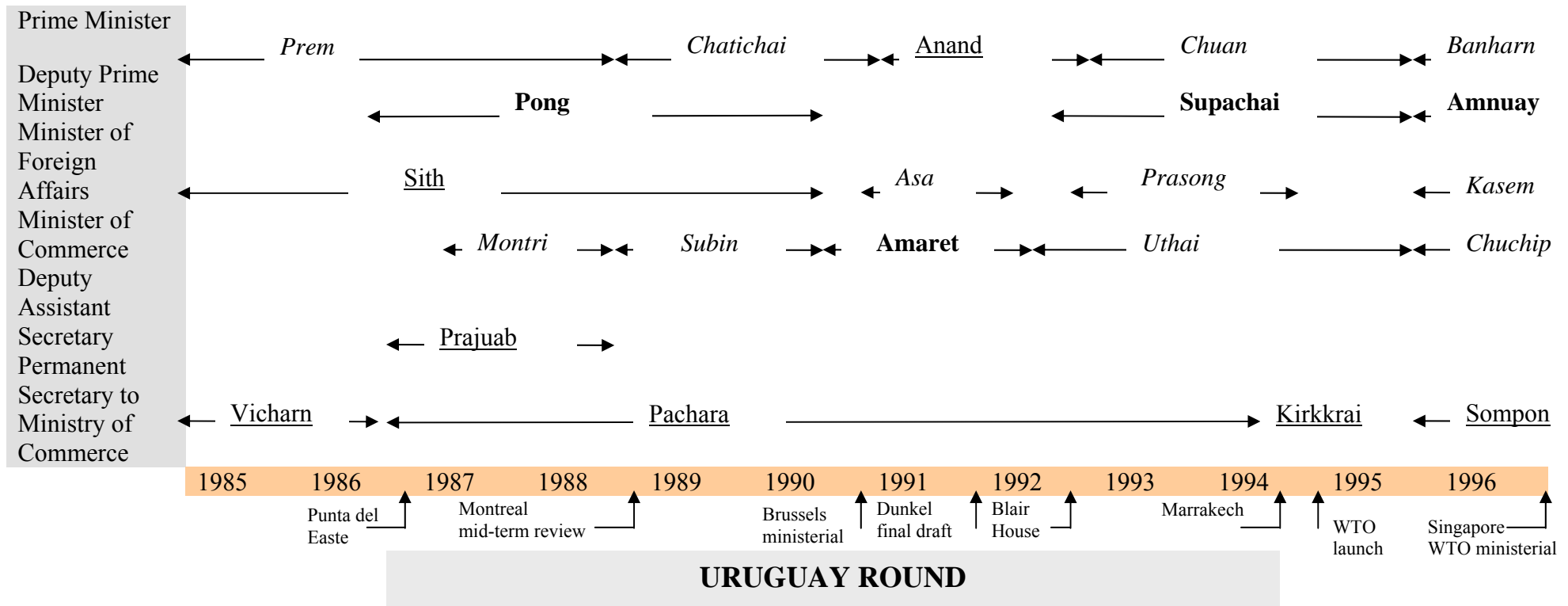
Source: Thailand (1994), Final Schedule: Submitted by Thailand, Schedule LXXIX – Thailand.

* 23 products include:

- milk (not concentrated), milk (concentrated), potatoes, onions and shallots, garlic, coconut, longans (dried), coffee, tea, pepper, maize, rice, soya beans, copra, onion seeds, soya bean oil, palm oil, coconut oil, cane or beet sugar, instant coffee, soya bean cake, unmanufactured tobacco, and raw silk.

** Domestic support is calculated from (1) sugar, (2) rice, (3) milk, (4) maize, and (5) coffee.

Appendix C: National Team? responsibility and interests of officials over the UR, the GATT, and the WTO during different governments



Bold name = leader

Underlined name = leading role

italic name = little or no role

Source: ปีเตอร์ ไมตรี อิงภากรณ์, แกดด์ รอบอุรุกวัย กับประเทศไทย: เศรษฐกิจการเมืองของระบบระหว่างประเทศ และการตัดสินใจของไทย. สถาบันวิจัยเพื่อการพัฒนาประเทศไทย. ตุลาคม 2539 [Ungphakorn, Peter, *The GATT's Uruguay Round and Thailand: international political economy and the position of Thailand*. Bangkok: Thailand Development Research Institute Foundation, October, 1996, p. 67.]

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The Ministry of Foreign Affairs, Thailand

www.mfa.go.th

The Thailand Development Research

<http://info.tdri.or.th>

Institute (TDRI)

WTO Watch Project

www.thailandwto.org